CITY OF NEWNAN, GEORGIA

FINANCIAL STATEMENTS

For the Year ended December 31, 2005

CITY OF NEWNAN, GEORGIA

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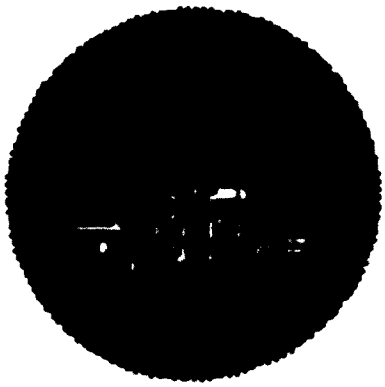
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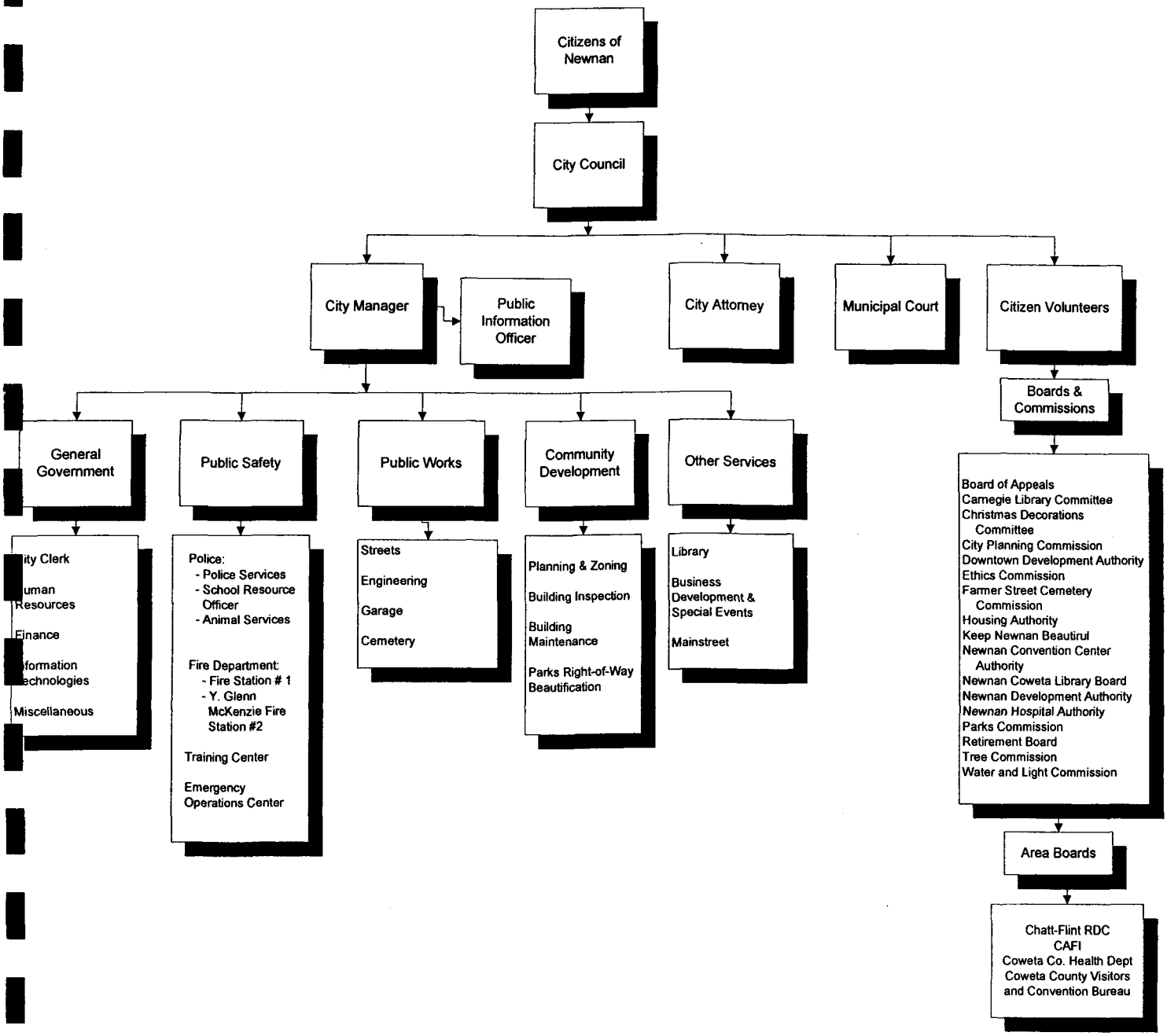


CITY OF NEWNAN, GEORGIA

LIST OF PRINCIPAL OFFICIALS
December 31, 2005

TITLE	NAME
Mayor	L. Keith Brady
Mayor Pro Tem	John P. Goodrum, Jr.
Council Member	George M. Alexander
Council Member	George B. Bradshaw
Council Member	Cynthia E. Jenkins
Council Member	Sidney Pope Jones, Jr.
Council Member	Richard Gregory Lewis
City Attorney	C. Bradford Sears, Jr.
City Manager	Richard Bolin
City Judge/Municipal Court Judge	George Rosenzweig
Associate City Judge	James Gay
City Clerk	Della Hill
Business Development Director	Linda Bridges-Kee
Main Street Coordinator	Linda Yeager
Community Development Director	Cleatus Phillips
Chief Building Official	Tim Inglis
Landscape Architect	Mike Furbush
Planning Director	Tracy Dunnavant
Finance Director	Katrina Cline
Information Technology Director	Clifton Foster
Fire Chief	David Whitley
Fire Captain	Ken Johnson
Fire Captain	Greg Jones
Fire Captain	Jeff Patterson
Human Resource Director	Meg Blubaugh
Newnan Utilities General Manager	Dennis McEntire
Police Chief	Douglas "Buster" Meadows
Deputy Police Chief	Rodney Riggs
Deputy Police Chief	Wesley Sweatman
Public Works Director/Engineer	Michael Klahr
Engineer	Joi Crawley
Cemetery Superintendent	Jimmy Hemmings
Street Superintendent	Sam Nelson
Vehicle Maintenance Superintendent	Charles Stanford

FY 2006 City of Newnan Organization Chart



FINANCIAL SECTION



Tidwell >>> DeWitt >

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Atlanta
Newnan
Peachtree City

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Newnan, Georgia

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newnan, Georgia, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Newnan, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newnan, Georgia, as of December 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated May 24, 2006, on our consideration of the City of Newnan, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 6 through 14 and 50 through 52, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the City of Newnan, Georgia's, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Tidwell DeWitt LLC

Tidwell DeWitt LLC

Newnan, Georgia
May 24, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Newnan, Georgia's (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2005. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

2005 Financial Highlights

- The City's assets exceeded its liabilities by $69,506,202 (net assets) for the calendar year reported.
- Total net assets are comprised of the following:
  (1) Capital assets, net of related debt, in the amount of $48,202,095, include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net assets of $10,247,870 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net assets of $11,056,237 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of $21,314,789 this year. This compares to the prior year ending fund balance of $17,191,676, showing a significant increase of $4,123,113, or 24%, during the current year. The Unreserved fund balance of $17,876,299 for calendar year 2005 shows a $1,663,528 increase from the prior year. This equates to a 10.3% increase in Unreserved fund balance.
- At the end of the current calendar year, unreserved fund balance for the General Fund was $10,983,435, or 79.9% of total General Fund expenditures of $13,741,060. In comparison, the General Fund Unreserved fund balance for 2004 was 74% of General Fund expenditures.
- Overall, the City continues to maintain a strong financial position. The ratio of current assets to current liabilities is 35.8 to 1, up from 27.0 to 1 in 2004.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets.* This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors

such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities,* which reports how the City's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, community development and public works. Business-type activities included the sanitation services; however, these services were contracted out at the end of calendar 2003.

The government-wide financial statements are presented on pages 15 & 16 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term calendar accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 17 & 19 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and the street improvement special revenue fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These schedules demonstrate compliance with the City's adopted and final revised budget. As discussed, the City reports major funds in the basic financial

statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 53.

Financial Analysis of the City as a Whole

The City implemented the new financial reporting model used in this report beginning with the calendar year ending December 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

The City's net assets at calendar year-end are $69,506,202. The following table provides a summary of the City's net assets:

Summary of Net Assets

	FY 2004		FY 2005	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Assets:				
Current assets	$ 17,728,331	32%	$ 22,084,818	31%
Capital assets	36,870,914	68%	48,202,095	69%
Total assets	54,599,245	100%	70,286,913	100%
Liabilities:				
Current liabilities	655,602	80%	616,809	79%
Long-term liabilities	165,770	20%	163,902	21%
Total liabilities	821,372	100%	780,711	100%
Net assets:				
Invested in capital assets, net of debt	36,870,914	69%	48,202,095	69%
Restricted	7,370,329	14%	10,247,870	15%
Unrestricted	9,536,630	18%	11,056,237	16%
Total net assets	$ 53,777,873	100%	$ 69,506,202	100%

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 35.8 to 1, which is very strong. The ratio for 2004 was 27.0 to 1, so the City's financial position has improved significantly from 2004.

The City reported positive balances in the net assets; the same held true for the prior fiscal year. Total net assets increased by $15,433,821 for governmental activities, after a prior period adjustment of $294,508. This is also a good indication of the City's overall financial position.

Note that approximately 69% of the governmental activities' net assets are invested in capital. This has remained relatively constant over the past two years. The City uses these capital assets primarily to provide services to its citizens.

The following table provides a summary of the City's changes in net assets:

Summary of Changes in Net Assets

	Fiscal Year 2004			Fiscal Year 2005		
	Governmental Activities	Total	Percentage of Total	Governmental Activities	Total	Percentage of Total
Revenues:						
Program:						
Charges for services	$ 1,649,701	$ 1,649,701	6%	$ 3,442,589	$ 3,442,589	11%
Operating grants	1,181,639	1,181,639	5%	1,204,398	1,204,398	4%
Capital grants	9,817,232	9,817,232	38%	10,840,515	10,840,515	35%
Total Program Revenues:	12,648,572	12,648,572	48%	15,487,502	15,487,502	51%
General:						
Taxes	13,111,238	13,111,238	50%	14,238,465	14,238,465	47%
Other	410,356	410,356	1%	870,411	870,411	1%
Total General Revenues:	13,521,594	13,521,594	52%	15,108,876	15,108,876	49%
Total Revenues:	26,170,166	26,170,166	100%	30,596,378	30,596,378	100%
Program Expenses:						
General government	1,512,749	1,512,749	12%	1,692,563	1,692,563	11%
Tourist development	658	658	0%	20,511	20,511	0%
Public safety	7,006,553	7,006,553	55%	7,522,020	7,522,020	50%
Public works	1,953,768	1,953,768	15%	3,364,415	3,364,415	22%
Community Development	1,785,109	1,785,109	14%	1,761,614	1,761,614	12%
Other Services	484,281	484,281	4%	801,434	801,434	5%
Total Expenses:	12,743,118	12,743,118	100%	15,162,557	15,162,557	100%
Excess (deficiency)	13,427,048	13,427,048		15,433,821	15,433,821	
Prior Period Adjustment	-	-		294,508	294,508	
Transfers	(375,436)	(375,436)		-	-	
Change in net assets	13,051,612	13,051,612		15,728,329	15,728,329	
Beginning net assets	40,726,261	40,726,261		53,777,873	53,777,873	
Ending net assets	$ 53,777,873	$ 53,777,873		$ 69,506,202	$ 69,506,202	

Program revenues represent 51% of total receipts in 2005, which is a 3% increase over 2004. The most significant change from 2004 to 2005 related to Charges for Services. Revenues increased by 5%, or $1,792,888, most of which was directly attributed to Impact Fees ($1,414,933) collected during 2005. Impact Fee collections were implemented by the City of Newnan at the end of October 2004 in an effort to pass along more of the infrastructure costs to developers and owners, rather than to the citizens of Newnan through taxes.

General Revenues make up 49% of total receipts, most of which is taxes. Notice that property taxes collected as a percentage of overall revenues decreased by 3% during 2005.

Relative to the increase in Charges for Services is the largest change in expenses: Public Works increased from 15% in 2004 to 22% in 2005, which represented a $1,410,647 increase. The commercial and residential growth in the City has resulted in more streets and property to maintain. Most other revenue and expense categories were comparable to 2004.

GOVERNMENTAL REVENUES

The City is heavily reliant on sales taxes to support governmental operations and capital. Sales taxes provided 21.8% of the City's total governmental revenues in 2005; by comparison, in 2004 sales taxes provided 24.5%. Property taxes are the second largest revenue source with approximately $3.4 million of revenues, or 11.2% of the total. Because of the City's healthy financial position, we have been able to earn $540,821 in interest earnings in 2005 to support governmental activities. In 2004 by comparison, the City earned only $189,916; 2005 earnings reflect a 184.8% increase, or $350,905.

Also, note that program revenues (excluding capital revenues) covered 30.6% of governmental operating expenses, up from 22.2% in 2004. This means that the government's taxpayers and the City's other general governmental revenues funded about 69.4% of the governmental activities in 2005, as compared to 77.8% in 2004. The collection of Impact Fees contributed to this decrease and, as a result, one can see how the general economy and the City businesses have a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Overall, the total cost of services for Governmental Activities increased by about 19% during 2005, up from $12,743,118 in 2004. However, the City shows a total benefit of $324,945 for these services, as compared to 2004 where the same services cost the City approximately $95,000. The dependence upon property tax and sales tax receipts is apparent as over 66% of governmental activities are supported through these general receipts. This percentage reflects a reduction of 7% as compared to 2004.

The Public Safety function makes up almost half of the total governmental activities expenses. Expenditures for Public Safety decreased by 5% during 2005, as related to total expenses. Public Works makes up about 22% and Community Development and General Government each average about 11% of the total. The Library and Business Development (Other Services) expenses make up the remainder. Public Works showed the greatest increase over 2004, with a 6.86% increase. The other functions remained relatively constant.

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

Governmental Activities

	Total Cost of Services	% of Total	Net (Cost)/ Benefit of Services
General Government	$ 1,692,563	11.16%	$ 1,301,931
Tourist Development	20,511	0.14%	(20,511)
Public Safety	7,522,020	49.61%	(7,357,657)
Public Works	3,364,415	22.19%	8,964,230
Community Development	1,761,614	11.62%	(1,761,614)
Other Services	801,434	5.29%	(801,434)
Total	$ 15,162,557	100.00%	$ 324,945

The General Government function's revenues covered about 77% of the total cost of services. The Public Safety function's program revenues cover only 2.02% of total costs, down from 7.03% in 2004. The program revenues for the Public Works function substantially exceeded costs because of over $10 million of contributed infrastructure from developers, including approximately 77 acres of land and 65,000 linear feet of streets. Contributed infrastructure increased by 7.9% during 2005, from $9,817,232 to $10,593,884.

BUSINESS-TYPE ACTIVITIES
Revenues vs. Costs

The City has no enterprise funds to report for 2005 because Sanitation activities were privatized at the end of calendar year 2003. The remaining assets were transferred to governmental activities at the end of 2003.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, we report governmental funds in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $21,314,789, an increase of 24.0% over 2004. Of this year-end total, $17,876,299 is unreserved indicating availability for continuing City service requirements. Therefore, unreserved fund balances increased by 10.3%. Legally restricted fund balances (i.e., the reserved fund balances) included $919,781 committed to outstanding encumbrances, $2,364,459 committed to program purposes and $144,614 in prepaid insurance, which is a 251% increase over 2004. The majority of the increase in legally restricted funds is due to Impact Fees (Fund 375) in the amount of $2,263,200 committed to program purposes.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased from $9,821,347 to $11,238,943, which is a 14.4% increase over 2004. As indicated, 98% ($10,983,435) of this balance is unreserved and available for continuing City services at a desirable level, which is consistent with 2004.

Tax Revenues
Property tax revenue collections increased 15.7% over that of calendar 2004, due to an increase in the tax digest. The 2004 digest was $646,065,841, increasing to $762,391,751 for 2005, which is an 18.0% increase. The 2005 millage rate actually decreased slightly, from 4.5 mills per thousand to 4.4 mills per thousand.

General fund sales tax revenue actually decreased slightly when compared to calendar 2004, from $4,063,820 to $4,037,621. The distribution of the local option sales tax revenue was renegotiated with Coweta County in 2002, resulting in a percentage decrease in the City's distribution from 27.9% to 21.89%. However, the County agreed to keep the City at the same dollar level as 2002 as long as the 27.9% would have produced the same or greater proceeds. A quarterly settlement was made by the County to maintain revenues for the City during the year.

Occupational Taxes increased by 11.7% when compared to 2004. This increase is primarily related to the continued commercial and residential growth in the City. The 2000 census population for the City of Newnan was 16,242; the estimated 2005 population for the City is 24,050. This represents an approximate 48% increase over the last five years!

License and Permits Revenues
Building permits made up 84.9% of the total revenues for this category in 2005. Building permit revenues increased by 25.4% over 2004; going from $1,060,854 to $1,330,674. This increase is also directly attributed to the continuing growth in the City. Building permit valuations, residential and commercial combined, increased by approximately 47% during 2005, from approximately $135 million in 2004 to about $200 million in 2005.

Fines & Forfeitures Revenues
Police Fines increased by 3.4% over 2004; going from $424,097 to $438,628. This increase is likewise attributed to the continuing growth in the City.

Most other tax revenue streams were consistent with that of calendar 2004.

The General Fund's ending fund balance increased by 14.4% over the prior year. This balance is considered very adequate, representing the equivalent of 81.8% of annual expenditures. In comparison, the ending fund balance for 2004 represented 75.6% of annual expenditures. The primary use of fund balance is to cover cash flow deficiencies during the year.

The Street Improvement Fund's intergovernmental revenue was up from calendar 2004 by approximately $70,000. This fund spent about $373,000 on the Greenville Streetscapes project during 2005. Funding in the amount of $700,000 was provided at Council's direction through a transfer from the General Fund. Additionally, a grant in the amount of approximately $623,000 was awarded for this project by the GaDOT and will be forthcoming in 2006. Grant revenues received in prior years with remaining balances are carried over each year for budgeting purposes. Therefore, expenditures may exceed revenues for any given year.

SPLOST97 and SPLOST02 revenue receipts are handled similar to the Street Improvement Fund. Remaining balances are carried over each year for budgeting purposes.

Budgetary Highlights

The General Fund – The 2005 revenue budget of $13,616,250 was amended during calendar 2005 to include fund transfers for the new financial management system ($35,000) and street maintenance and repairs ($50,000) from Unappropriated Surplus. The 2005 final revenue budget was $13,701,250. In total, the City realized 110% ($15,096,029) of the projected 2005 revenues. Total tax revenues were up $473,132 over the estimated revenues. This overage was caused by the above referenced increased tax digest. License and Permits revenue collections totaled $1,566,857 as compared to an estimated $1,115,800. As discussed above, permit valuations increased by 47% overall during 2005. Additionally, interest earnings exceeded budget by almost $191,000.

The Government kept spending in line with budgeted amounts, therefore the fund balance increased by $1,417,596 for 2005. Consistent with the revenue side of the budget, the expenditure side of the original budget for the General Fund was amended to include additional funding for the computer system and the Street Fund. For the total general fund budget, expenditures were 6.8% less than the 2005 appropriation. Budgeted expenditures were $13,701,250 and actual expenditures were $12,765,767. The actual expenditures do not include fund transfers between funds. Although the City faced some difficulty with volatile fuel prices during 2005, expenditures were controlled and budgeted levels maintained. Expenditure control is at the department level.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2005, was $48,202,095. The total increase in this net investment was 30.7% for governmental activities. See Note 2-E for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

Capital Assets

	Governmental Activities		Total	
	2005	2004	2005	2004
Non-depreciable assets:				
Land	$ 6,318,120	$ 4,729,104	$ 6,318,120	$ 4,729,104
Construction in progress	3,622,695	3,228,979	3,622,695	3,228,979
Total non-depreciable	9,940,815	7,958,083	9,940,815	7,958,083
Depreciable assets:				
Buildings	11,182,796	11,182,796	11,182,796	11,182,796
Other improvements	14,165,510	4,127,846	14,165,510	4,127,846
Machinery and equipment	6,867,160	6,383,429	6,867,160	6,383,429
Infrastructure	15,466,182	15,466,182	15,466,182	15,466,182
Total depreciable assets	47,681,648	37,160,253	47,681,648	37,160,253
Less accumulated depreciation	9,420,368	8,247,422	9,420,368	8,247,422
Book value - depreciable assets	38,261,280	28,912,831	38,261,280	28,912,831
Percentage depreciated	20%	22%	20%	22%

At December 31, 2005, the depreciable capital assets for governmental activities were 20% depreciated. This compares to 22% at December 31, 2004. This comparison indicates that the City is replacing its assets at the same rate as they are depreciating, which is a positive indicator. Please note the fact that infrastructure received as contributions from developers accounted for the primary increase in the value of depreciable assets. Included in the construction in progress amount is the Greenville Streetscapes project, Bypass Construction, Convention Center, Lower Fayetteville Road Construction, and Round-About Construction.

Long-term Debt

At the end of the calendar year, the City's only long-term debt relates to pay for earned vacation time. The amount totals $352,860 or similar to that at the end of 2004 ($347,319). Please refer to pages 39 to 43 for information concerning component unit debt.

Economic Conditions Affecting the City

The challenge for all governments is to provide quality services at a reasonable cost to its citizens. The City of Newnan remains in a strong financial position, in spite of a somewhat depressed economy. Fuel costs are still volatile but interest earnings have significantly improved. Newnan continues to experience tremendous growth in both commercial and residential areas. The City is proactively managing this growth; more of the infrastructure costs are being passed on to the developers to minimize the impact on the citizens of Newnan. Additionally, the departments are charged with controlling expenditures based on budgeted amounts.

As this audit will show, the City's overall financial position improved significantly during 2005. The City strives to maintain current service levels while keeping costs as low as possible. We continue to operate debt-free. Our goal is to maintain a healthy fund balance and protect the interests of the citizens in the City of Newnan.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, please contact the City's Finance Director, Katrina Cline, at 25 LaGrange Street, Newnan, GA 30263, or by e-mail at kcline@cityofnewnan.org.

City of Newnan, Georgia
Statement of Net Assets - Government Wide
December 31, 2005

	Primary Government - Governmental Activities	Component Units
Assets		
Current Assets		
Cash and cash equivalents	$ 10,746,707	$ 1,142,547
Investments	9,470,888	2,080,777
Receivables:		
Trade accounts, net of allowance for uncollectibles of $177,856	-	3,364,946
Sales taxes	857,897	-
Property taxes	430,226	-
Other	424,862	100,893
Accrued revenue	-	2,997,335
Inventory	9,624	1,475,376
Prepaid items	144,614	192,995
Restricted Assets	-	11,085,969
Capital Assets		
Nondepreciable capital assets	9,940,815	9,360,343
Depreciable capital assets, net	38,261,280	125,799,887
Other Assets		
Cash value of life insurance	-	444,818
Debt issues costs - unamortized	-	1,442,355
Deferred loss on advance refunding	-	1,272,770
Total Assets	70,286,913	160,761,011
Liabilities		
Current Liabilities		
Accounts payable	74,215	4,392,221
Accrued expenses	151,762	271,335
Contracts payable	39,250	-
Accrued interest payable	-	127,148
Customer deposits	-	972,200
Due to component unit	73,547	-
Unearned revenue	89,077	-
Compensated absences payable, current	188,958	-
Line of credit	-	2,000,100
Revenue bonds - current	-	425,000
Notes payable - current	-	186,370
Capital lease payable, current	-	116,389
Georgia SRF loan, current	-	302,660
Long-Term Liabilities:		
Deferred compensation	-	1,183,732
Compensated absences payable, net of current portion	163,902	-
Revenue bonds - net of unamortized bond premium of $1,120,225 and bond discount of $107,508	-	56,022,717
Notes payable, net of current portion	-	1,337,797
Capital lease payable, net of current portion	-	272,790
Georgia SRF loan, net of current portion	-	2,561,567
Total Liabilities	780,711	70,172,026
Net Assets		
Invested in capital assets, net of related debt	48,202,095	73,934,939
Restricted for:		
Capital projects	7,878,611	-
Capital improvements and debt services	-	9,407,792
Program purposes	2,369,259	-
Grant funds	-	20,000
Unrestricted	11,056,237	7,226,254
Total Net Assets	$ 69,506,202	$ 90,588,985

The notes to the financial statements are an integral part of this statement.

City of Newnan, Georgia
Statement of Activities - Government Wide
For the Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants, Contributions and Interest	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total	Component Units
Primary Government							
Governmental Activities							
General government	$ 1,692,563	$ 1,566,857	$ 1,181,007	$ 246,630	$ 1,301,931	$ 1,301,931	$ -
Tourist development	20,511	-	-	-	(20,511)	(20,511)	-
Public safety	7,522,020	448,967	23,391	-	(7,049,662)	(7,049,662)	-
Public works	3,364,415	1,426,765	-	10,593,885	8,656,235	8,656,235	-
Community development	1,761,614	-	-	-	(1,761,614)	(1,761,614)	-
Other services	801,434	-	-	-	(801,434)	(801,434)	-
Total Governmental Activities	15,162,557	3,442,589	1,204,398	10,840,515	324,945	324,945	-
Total - Primary Government	15,162,557	3,442,589	1,204,398	10,840,515	324,945	324,945	-
Component Units							
Water, Sewerage & Light Commission	51,971,841	47,270,502	-	6,105,747	-	-	1,404,408
Downtown Development Authority	60,248	60,917	-	-	-	-	669
Total - Component Units	$ 52,032,089	$ 47,331,419	$ -	$ 6,105,747	-	-	1,405,077
General Revenues							
Property taxes levied for general government purposes					3,436,171	3,436,171	-
Sales taxes					6,658,437	6,658,437	414,823
Occupational taxes					1,161,836	1,161,836	-
Franchise taxes					935,535	935,535	-
Insurance premium taxes					813,456	813,456	-
Other taxes					1,233,030	1,233,030	-
Investment earnings					540,821	540,821	128,301
Miscellaneous					329,590	329,590	4,536,646
Total General Revenues					15,108,876	15,108,876	5,079,770
Change in Net Assets					15,433,821	15,433,821	6,484,847
Net Assets Beginning of Year, as originally stated					53,777,873	53,777,873	84,104,138
Prior period adjustment					294,508	294,508	-
Net Assets Beginning of Year, as restated					54,072,381	54,072,381	84,104,138
Net Assets End of Year					$ 69,506,202	$ 69,506,202	$ 90,588,985

The notes to the financial statements are an integral part of this statement.

City of Newnan, Georgia
Balance Sheet
Governmental Funds
December 31, 2005

	General	Street Improvements	1997 SPLOST	2002 SPLOST	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 8,825,403	146,820	$ -	$ -	$ 1,774,484	$ 10,746,707
Investments	1,385,200	46,106	2,301,496	5,192,432	545,654	9,470,888
Receivables:						
Sales taxes	398,231	-	-	459,666	-	857,897
Property taxes	430,226	-	-	-	-	430,226
Other	424,862	-	-	-	-	424,862
Interfund	98,782	-	-	-	-	98,782
Inventory	9,625	-	-	-	-	9,625
Prepaid items	144,614	-	-	-	-	144,614
Total Assets	11,716,943	192,926	2,301,496	5,652,098	2,320,138	22,183,601
Liabilities and Fund Balances						
Liabilities						
Accounts payable	67,740	-	1,435	-	5,040	74,215
Accrued expenditures	68	151,694	-	-	-	151,762
Accrued payroll and payroll taxes	39,250	-	-	-	-	39,250
Payable to component unit	-	-	-	73,547	-	73,547
Interfund payable	-	65,657	-	-	33,125	98,782
Deferred revenue	370,941	31,432	-	-	28,883	431,256
Total Liabilities	477,999	248,783	1,435	73,547	67,048	868,812
Fund Balances (deficits)						
Reserved for:						
Encumbrances	-	-	700,943	214,038	4,800	919,781
Inventory	9,636	-	-	-	-	9,636
Prepaid items	144,614	-	-	-	-	144,614
Program purposes	101,259	-	-	-	2,263,200	2,364,459
Unreserved:						
Undesignated, reported in:						
General fund	10,983,435	-	-	-	-	10,983,435
Special revenue funds	-	(55,857)	-	-	1,479	(54,378)
Capital projects funds	-	-	1,599,118	5,364,513	(16,389)	6,947,242
Total Fund Balances (deficits)	11,238,944	(55,857)	2,300,061	5,578,551	2,253,090	21,314,789
Total Liabilities and Fund Balances (Deficits)	$ 11,716,943	$ 192,926	$ 2,301,496	$ 5,652,098	$ 2,320,138	$ 22,183,601

The notes to the financial statements are an integral part of this statement.

City of Newnan, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets - Government Wide
December 31, 2005

Total Governmental Fund Balances		$ 21,314,789
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	$ 57,622,463	
Less accumulated depreciation	(9,420,368)	48,202,095
Certain property taxes are not available to pay for current period expenditures and therefore are deferred in the funds but reported as revenue on the government-wide statement of activities.		342,178
Interfund receivables and payables between governmental funds are reported on the governmental fund balance sheet but eliminated on the government-wide statement of net assets:		
Interfund receivables	(98,782)	
Interfund payables	98,782	-
Compensated absence liabilities are not due and payable at year-end and therefore are not reported in the funds:		(352,860)
Net Assets Of Governmental Activities		$ 69,506,202

The notes to the financial statements are an integral part of this statement.

City of Newnan, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Street Improvement	1997 SPLOST	2002 SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 11,258,132	$ -	$ -	2,620,816	$ 80,040	$ 13,958,988
Licenses and permits	1,566,857	-	-	-	-	1,566,857
Impact fees	-	-	-	-	1,414,933	1,414,933
Court condemnations	-	-	-	-	11,832	11,832
Intergovernmental	238,685	207,463	-	-	15,000	461,148
Grants received	-	-	-	-	23,391	23,391
Intergovernmental - utility	966,488	-	-	-	-	966,488
Fines and forfeitures	448,967	-	-	-	-	448,967
Investment earnings	259,919	4,830	74,277	145,761	56,034	540,821
Miscellaneous	329,590	-	-	-	-	329,590
Indirect cost allocations	1,139,329	-	-	-	-	1,139,329
Total Revenues	16,207,967	212,293	74,277	2,766,577	1,601,230	20,862,344
Expenditures						
Current:						
General government	1,538,861	65,657	1,434	-	33,125	1,639,077
Tourism development	-	-	-	-	20,511	20,511
Public safety	7,754,508	-	-	-	55,474	7,809,982
Public works	2,145,149	324,030	-	24	-	2,469,203
Community development	1,890,770	-	-	3,201	-	1,893,971
Other services	411,772	-		419,330	-	831,102
Capital Outlay						
General government	-	-	9,214	20,327	-	29,541
Public safety	-	-	-	370,670	181,348	552,018
Public works	-	380,259	-	413,472	110,788	904,519
Community development	-	-	523,650	284,149	44,688	852,487
Other services	-	-	-	58,717	-	58,717
Total Expenditures	13,741,060	769,946	534,298	1,569,890	445,934	17,061,128
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,466,907	(557,653)	(460,021)	1,196,687	1,155,296	3,801,216
Other Financing Sources (Uses)						
Sale of capital assets	27,390	-	-	-	-	27,390
Transfers in	-	750,000	-	66,070	291,700	1,107,770
Transfers out	(1,076,700)	-	(31,070)	-	-	(1,107,770)
Total Other Financing Sources (Uses)	(1,049,310)	750,000	(31,070)	66,070	291,700	27,390
Net Change in Fund Balances	1,417,597	192,347	(491,091)	1,262,757	1,446,996	3,828,606
Fund Balances Beginning of Year, as originally stated	9,821,347	(248,204)	2,791,153	4,315,794	511,586	17,191,676
Prior period adjustment	-	-	-	-	294,508	294,508
Fund Balances Beginning of Year, restated	9,821,347	(248,204)	2,791,153	4,315,794	806,094	17,486,184
Fund Balances End of Year	$ 11,238,944	$ (55,857)	$ 2,300,062	$ 5,578,551	$ 2,253,090	$ 21,314,790

The notes to the financial statements are an integral part of this statement.

City of Newnan, Georgia
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities - Government Wide
For the Year Ended December 31, 2005

Net Changes In Fund Balances - Total Governmental Funds		$ 3,828,605
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	$ (1,537,763)	
Capital outlay	2,395,771	858,008
Capital assets contributed to governmental activities are reported on the government-wide financial reporting level, but not reported on the fund financial reporting level.		10,593,885
The book value of capital assets disposed of during the year is not reported on fund financial reporting level but is recognized on the government-wide financial reporting level.		(120,711)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes:		
Deferred at December 31, 2005	342,178	
Deferred at December 31, 2004	(62,603)	279,575
Transfers between governmental funds are reported on the governmental fund operating statement but eliminated from the government-wide statement of activities.		
Transfers in	(1,041,700)	
Transfers out	1,041,700	-
Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability at December 31, 2005	(352,860)	
Liability at December 31, 2004	347,319	(5,541)
Change In Net Assets of Governmental Activities		$ 15,433,821

The notes to the financial statements are an integral part of this statement.

City of Newnan, Georgia
Combining Statement of Net Assets
Component Units
December 31, 2005

	Water Sewerage and Light Commission	Downtown Development Authority	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 1,138,597	$ 3,950	$ 1,142,547
Investments	2,080,777	-	2,080,777
Accounts receivables, net of allowance for uncollectible accounts, $177,856	3,364,946	-	3,364,946
Other receivables	100,893	-	100,893
Accrued revenue	2,997,335	-	2,997,335
Inventory	1,475,376	-	1,475,376
Prepaid items	192,995	-	192,995
Total Current Assets	11,350,919	3,950	11,354,869
Restricted Assets			
Sinking funds:			
Cash	1,368,397	-	1,368,397
Investments	-	-	-
Impact fee fund	7,475,420	-	7,475,420
Sales tax fund	563,975	-	563,975
Grant funds	-	20,000	20,000
Bond issuance proceeds			
Cash	1,658,177	-	1,658,177
Total Restricted Assets	11,065,969	20,000	11,085,969
Noncurrent Assets:			
Capital assets:			
Nondepreciable capital assets	9,360,343	-	9,360,343
Depreciable capital assets, net	125,799,887	-	125,799,887
Total Noncurrent Assets	135,160,230	-	135,160,230
Other Assets			
Cash value of life insurance	444,818	-	444,818
Debt issue costs-unamortized	1,442,355	-	1,442,355
Deferred loss on advance refunding	1,272,770	-	1,272,770
Total Other Assets	3,159,943	-	3,159,943
Total Assets	$ 160,737,061	$ 23,950	$ 160,761,011

The notes to the financial statements are an integral part of this statement.

City of Newnan, Georgia
Combining Statement of Net Assets - Continued
Component Units
December 31, 2005

	Water Sewerage and Light Commission	Downtown Development Authority	Total
Liabilities			
Current Liabilities:			
Accounts payable	$ 4,392,221	$ -	$ 4,392,221
Accrued liabilities	271,335	-	271,335
Accrued interest	127,148	-	127,148
Customer deposits	972,200	-	972,200
Line of credit	2,000,100	-	2,000,100
Revenue bonds - current	425,000	-	425,000
Notes payable - current	186,370	-	186,370
Capital lease obligations - current	116,389	-	116,389
Georgia SRF loan - current	302,660	-	302,660
Total Current Liabilities	8,793,423	-	8,793,423
Long-term Liabilities			
Deferred compensation	1,183,732	-	1,183,732
Revenue bonds - net of unamortized bond premium of $1,120,225 and bond discount of $107,508	56,022,717	-	56,022,717
Notes payable (net of current portion)	1,337,797	-	1,337,797
Capital lease payable (net of current portion)	272,790	-	272,790
Georgia SRF loan (net of current portion)	2,561,567	-	2,561,567
Total Long-term Liabilities	61,378,603	-	61,378,603
Total Liabilities	70,172,026	-	70,172,026
Net Assets			
Invested in capital assets, net of related debt	73,934,939	-	73,934,939
Restricted for capital improvements and and debt service	9,407,792	-	9,407,792
Restricted for Brown's Mill grant	-	20,000	20,000
Unrestricted	7,222,304	3,950	7,226,254
Total Net Assets	$ 90,565,035	$ 23,950	$ 90,588,985

The notes to the financial statements are an integral part of this statement.

City of Newnan, Georgia
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2005

	Water Sewerage and Light Commission	Downtown Development Authority	Total
Revenues			
Program revenues:			
Sales and service revenue	$ 47,270,502	$ -	$ 47,270,502
Other program revenues	-	60,917	60,917
Contributions	6,105,747	-	6,105,747
Total Revenues	53,376,249	60,917	53,437,166
Program Expenses			
Public utilities	51,971,841	-	51,971,841
Tourism development	-	60,248	60,248
Total Expenses	51,971,841	60,248	52,032,089
Net Program (Expense)	1,404,408	669	1,405,077
General Revenues and (Expenses)			
Sales taxes - city	414,823	-	414,823
Investment earnings	128,177	124	128,301
Miscellaneous	4,536,657	(11)	4,536,646
Total General Revenues and expenses	5,079,657	113	5,079,770
Change in Net Assets	6,484,065	782	6,484,847
Net Assets Beginning of Year	84,080,970	23,168	84,104,138
Net Assets End of Year	$ 90,565,035	$ 23,950	$ 90,588,985

The notes to the financial statements are an integral part of this statement.

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The City of Newnan, Georgia (the "City") was chartered by an act of the General Assembly of the State of Georgia. The City operates under a Council/Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), public works (highways and streets), planning and zoning, general administrative services, public improvements and community development. Sanitation services have been outsourced.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities at the government-wide financial reporting, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The component-unit columns included on the government-wide financial statements identify the financial data of the City's discretely presented component units. They are reported separately to emphasize that they are legally separate from the City.

Brief descriptions of the discretely presented component units follow:

Newnan Water, Sewerage and Light Commission (The NWSL Commission) – The NWSL Commission's governing board is appointed by the City Council and the City Council approves bond issue authorizations. By letter of agreement dated September 14, 1993 between the NWSL Commission and the City, the method of calculating cash contributions from the NWSL Commission was established. The NWSL Commission makes monthly transfers equal to 5% of the prior month's billing for electrical energy, excluding sales tax, fuel cost adjustments, special rates and street lights. Additionally, the NWSL Commission remits monthly an additional 3% of the prior month's billing for water and sewer revenues. The NWSL Commission also remits 5% of certain cable revenue to the City in lieu of paying a franchise fee. Separately issued financial statements may be obtained by writing the Newnan Water, Sewerage and Light Commission, P.O. Box 578, Newnan, GA 30264.

Downtown Development Authority of the City of Newnan (The Authority) – The Authority's governing board is appointed primarily by the City Council and there is substantial financial dependency by the Authority upon the City. This fund is reported as a governmental fund type. The Authority does not issue separate financial statements.

The City has established the following authorities as potential component units of the City:

> ***Newnan Development Authority*** – This authority was established in 1997 to develop and promote trade, commerce, industry and employment opportunities in the City. The City appoints a voting majority of this authority's governing body; however, no financial dependency exists between this authority and the City. Therefore, this authority is not considered a component unit for the year ended December 31, 2005.

1-A. Reporting Entity – continued

Newnan Convention and Visitors Bureau Authority – This authority was established in 1999 to promote tourism and develop a convention center and visitor's bureau for the City. The City appoints a voting majority of this authority's governing body, and can impose its will on the authority by a financial dependency. This authority is not considered a component unit for fiscal year ended December 31, 2005, since there was no financial activity in calendar year 2005.

Newnan Hospital Authority - This authority was established in 2002 to promote public health needs of the community. Although a voting majority of this authority's governing body is appointed by the City, there is no material financial dependency. This authority is not considered a component unit of the City for fiscal year ended December 31, 2005.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and City's general revenues, from business-type activities, generally financed in whole or in part with sanitation fees charged to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the City and its discretely presented component units at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City eliminates the allocation of indirect expenses to functions in the statement of activities (Note 1-E-11).

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment earnings; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted.*

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for government and proprietary funds.

Major individual governmental funds and the major enterprise funds are reported in separate columns.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses one category of funds: governmental.

1-B. Basis of Presentation – continued

Governmental Funds - Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

The General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of the State of Georgia.

The Street Improvement Fund – The street improvement fund allocates general fund transfers and state grants and contracts for the purpose of maintaining City streets and roads. This fund relies solely on interfund transfers from the general fund and monies from state grants and contracts.

The 1997 Special Purpose Local Option Sales Tax Fund – In 1997, the citizens of Newnan re-approved a 1% Special Purpose Local Options Sales Tax (SPLOST) for the purpose of funding capital improvement projects. Approved projects included a new city hall, expansion and remodeling of the Police Station, transportation improvements and park development. The City received 70% of the proceeds and Newnan Utilities received 30%.

The 2002 Special Purpose Local Option Sales Tax Fund - In 2001, the citizens of Newnan re-approved a 1% SPLOST for the purpose of funding capital improvement projects. Approved projects include park acquisitions and development, convention center, downtown parking facilities, fire equipment, computer system, and transportation improvements.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

1-D. Basis of Accounting - continued

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

The NWSL Commission's accrued revenue represents the estimated unbilled service for the period between the last billing date of each cycle and December 31.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 3-C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Deferred/Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

On the government-wide statement of net assets, deferred revenue is reclassified as "unearned" revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments (i.e., money market accounts and certificates of deposit) with a maturity date within three months of the date acquired by the City.

The City maintains one operating account with an exception for certain grants accounted for in the law enforcement fund, require separately maintained bank accounts.

1-E-1 Cash, Cash Equivalents, and Investments – continued

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-4 Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed. Inventories of the NWSL Commission (a component unit) reports inventory at average cost determined on a first-in, first-out basis.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

1-E-6 Restricted Assets

When expenses are incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are used first to fund appropriations.

Restricted assets of the NWSL Commission represent amounts which are required to be maintained pursuant to ordinances relating to bond indebtedness and funds received for specific purposes pursuant to other ordinances and intergovernmental agreements. The separately issued financial statements for the NWSL Commission provide specific details for each type of restricted assets.

1-E-7 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the government fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise funds' statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of streets. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

The City has elected to report infrastructure assets under the transition provisions for retroactive reporting. Only current year additions of infrastructure assets are reported, the existing infrastructure assets will be reported in a future year.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and parks (excluding land)	15 – 125 years
Other improvements	25 years
Machinery and equipment	5 – 25 years
Infrastructure	50 years

The estimated useful lives for the NWSL Commission follow:

Classification	Range of Lives
Sewage disposal plants	50 years
Laboratory building	50 years
Water plant and improvements	50-66 years
Reservoirs and dams	50-67 years
Pumping stations and lines	33-50 years
Elevated water tanks	50 years
Carl Miller Park improvements	40 years
Office building	40 years
Office building addition	30 years
Electric substations	13-20 years
Warehouse, garages and central shop	20-40 years
Warehouse addition	15 years
Generators	12-20 years
Tenant houses	10-33 years
Tenant house improvements	5-15 years
Paving, fencing and other land improvements	10-20 years
System extensions and improvements	5-50 years
Office furniture, fixtures and equipment	5-10 years
Computers and electronics	5-15 years
Machinery and equipment	5-20 years
Trucks and autos	5-10 years

1-E-7 Capital Assets – continued

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

Interest is capitalized on constructed fixed assets during the period of construction, if material. In 2005, $108,266 was capitalized as a part of the construction and improvement of the sewer system in Newnan. Additionally, $315,481 was capitalized as a part of the construction of the Mineral Springs Waste Water Treatment Plant, Land Application System, and various water line improvements.

1-E-8 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the City's past experience of making termination payments.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only "*when due.*"

1-E-9 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year.

1-E-10 Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

1-E-11 Allocation of Administrative Costs

At the governmental fund level, the City allocates administrative costs to the various departments and funds for which services are provided as allowable by the benefiting fund. The allocations are based upon the City's estimate of each fund's share of services. At the government-wide financial reporting level, the allocations are eliminated from program expenses.

1-E-12 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

1-E-12 Fund Equity – continued

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any bond issuance deferral amounts. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

1-E-13 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, these revenues are charges for services for sanitation services. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of each fund.

1-E-14 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-15 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and the after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

1-E-16 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

1-E-17 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 2 - Detailed Notes on All Funds

2-A. Custodial Credit Risk - Deposits and Investments

City's Deposits –

As of December 31, 2005, the City had the following deposits:

Depository Account	Bank Balance
Collateralized:	
Collateral held by pledging banks participating in the Georgia Pledging Pool in the City's name	$10,917,442
Total Deposits	$10,917,442

Custodial credit risk – Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk.

Component Units' Deposits –

As of December 31, 2005, the NWSL Commission had the following deposits:

Depository Account	Bank Balance
Collateralized:	
Collateral held by pledging banks' trust department In the Commission's name	$14,671,856
Total Deposits	$14,671,856

Custodial credit risk – Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk.

City's Investments –

As of December 31, 2005, the City had the following investments.

Investment	Maturities	Fair Value
Georgia Fund 1	Various	$9,470,888
		$9,470,888

Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk – State statutes authorize the City to invest in obligations of the State of Georgia; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the Georgia Fund 1 established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. This fund, which is administered by the Georgia Office of Treasury and Fiscal Services is rated AAAm by Standard and Poor's. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in any one issuer. More than 5% of the commission's investments are in Georgia Fund 1. These investments are 100% of the City's total investments.

2-A. Deposits and Investments (continued)

Component Units' Investments

As of December 31, 2005, the NWSL Commission had the following investments.

Investment	Maturities	Fair Value
MEAG Municipal Competitive Trust		
Mutual Funds Intermediate Portfolio	Various	$ 720,510
Mutual Funds Short Term Portfolio	Various	619,503
Rabbi Trust		
Mutual Funds	Various	222,035
Annuity Funds	12/1/2028	234,728
Annuity Funds	9/1/2039	277,426
Cash	N/A	6,575
		$2,080,777

Interest Rate Risk – The Commission does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk – State statutes authorize the City to invest in obligations of the State of Georgia; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the Georgia Fund 1 established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Commission places no limit on the amount the Commission may invest in any one issuer. More than 5% of the commission's investments are in Mutual funds and Annuities. These investments are 75% and 24%, respectively of the Commission's total investments.

2-B. Receivables

Receivables at December 31, 2005, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants. Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

2-C. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The City Council levied property taxes on September 13th which are due and payable by November 30th each year. Property taxes not paid by December 1st are considered delinquent.

A schedule of property taxes receivable and the allowance for uncollectibles follows:

Year	12/31/2004 Balance	Assessments	Collections	Adjustments	12/31/2005 Balance
2005	$ -	$ 3,041,061	$ (2,909,051)	$ (19,356)	$ 112,654
2004 & prior	348,437	-	(26,765)	-	321,672
Total	$ 348,437	$ 3,041,061	$ (2,935,816)	$ (19,356)	434,326
Less Allowance for Uncollectibles					(4,100)
Net Receivables					$ 430,226

2-D. Component Unit - Cash Surrender Value of Life Insurance

The cash surrender value of four life insurance policies on the lives of former and current members of management of the NWSL Commission as of December 31, 2005 was $444,818. The face values of these policies total $3,488,224. The purpose of the policies is to fund salary continuation and deferred compensation agreements or personal death benefits prior to retirement. Increases in the cash surrender value of the life insurance policies are used to offset the current expense attributable to the deferred compensation.

2-E. Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

	Balance 12/31/2004	Additions	Deductions	Reclassifications	Balance 12/31/2005
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 4,729,104	$ 1,589,016	$ -	$ -	$ 6,318,120
Construction in progress	3,228,979	656,992	-	(263,276)	3,622,695
Total capital assets not being depreciated	7,958,083	2,246,008	-	(263,276)	9,940,815
Depreciable capital assets:					
Buildings and parks	11,182,796	-	-	-	11,182,796
Other improvements	4,127,846	10,037,664	-	-	14,165,510
Machinery and equipment	6,383,429	705,994	485,539	263,276	6,867,160
Infrastructure	15,466,182	-	-	-	15,466,182
Total depreciable capital assets	37,160,253	10,743,658	485,539	263,276	47,681,648
Total capital assets	45,118,336	12,989,666	485,539	-	57,622,463
Accumulated depreciation:					
Buildings	3,220,463	202,612	-	-	3,423,075
Other improvements	1,191,445	244,856	-	-	1,436,301
Machinery and equipment	3,584,791	684,089	364,817	-	3,904,063
Infrastructure	250,723	406,206	-	-	656,929
Total accumulated depreciation	8,247,422	1,537,763	364,817	-	9,420,368
Governmental activities capital assets, net	$ 36,870,914	$ 11,451,903	$ 120,722	$ -	$ 48,202,095

Governmental activities depreciation expense

General government	$ 60,118
Public safety	364,828
Public works	1,044,717
Community development and leisure services	64,543
Business development	3,557
Total governmental activities depreciation expense	$ 1,537,763

2-E. Capital Assets - continued

	Balance 12/31/2004	Additions	Deductions	Balance 12/31/2005
Component unit:				
Capital assets not being depreciated:				
Land	$ 6,940,983	$ -	$ -	$ 6,940,983
Construction in progress	9,043,399	2,762,955	9,386,994	2,419,360
Total capital assets not being depreciated	15,984,382	2,762,955	9,386,994	9,360,343
Depreciable capital assets:				
Buildings, lines and improvements	143,602,260	20,000,638	33,740	163,569,158
Machinery and equipment	17,931,441	1,492,408	1,139,835	18,284,014
Total depreciable capital assets	161,533,701	21,493,046	1,173,575	181,853,172
Total other capital assets	177,518,083	24,256,001	10,560,569	191,213,515
Accumulated depreciation:				
Buildings, lines and improvements	41,040,565	6,008,334	31,068	47,017,831
Machinery and equipment	8,205,289	1,750,575	920,410	9,035,454
Total accumulated depreciation	49,245,854	7,758,909	951,478	56,053,285
Component unit capital assets, net	$ 128,272,229	$ 16,497,092	$ 9,609,091	$ 135,160,230

2-F. Interfund Balances and Transfers

Interfund balances at December 31, 2005, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year.

	Payable From:		
Payable To:	Street Improvement Fund	Capital Equipment Funds	Total
General Fund	$ 65,657	$ 33,125	$ 98,782

2-F. Interfund Balances and Transfers - continued

Interfund transfers for the year ended December 31, 2005, consisted of the following:

	Tranfers From:	
Transfer to	General Fund	Total
Non-major governmental funds	$ 291,700	$ 291,700
2002 SPLOST	60,070	$ 60,070
Street improvement fund	750,000	750,000
	$ 1,101,770	$ 1,101,770

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers are also used to report unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

2-G. Operating Leases

In 2001, the NWSL Commission entered into an operating lease for additional office space. The lease is a five-year lease from November 2001 through October 2006. The annual lease expense is $32,500 payable monthly. In 2005 the NWSL Commission entered into an operating lease for additional office space. The lease is a twelve month lease from June 2005 through May 2006. The monthly lease expense is $1,350. Rental expense for 2005 was $29,205.

At December 31, 2005, approximate future minimum rental payments required are as follows:

2006	$35,183

2-H. Short-Term Debt

Component Unit Line of Credit - The NWSL, Commission has a $2,000,100 unsecured bank line of credit expiring March 5, 2006. There was $2,000,100 of borrowings outstanding against the line of credit at December 31, 2005. The line of credit has been renewed to March 5, 2006. *Variable Rate Terms* - Interest rates are calculated using lender's prime rate as the base rate. These rates can change at any frequency at above or below the stated rate.

Component Units:	Outstanding 12/31/2004	Additions	Reductions	Outstanding 12/31/2005
Line of Credit	$ 1,500,000	$ 600,000	$ -	$ 2,100,000
Total Component units	$ 1,500,000	$ 600,000	$ -	$ 2,100,000

2-I. Long-Term Debt

Component Unit Notes Payable - The NWSL Commission has arrangements with the Georgia Municipal Association, Wachovia, BB&T and Altec Capital Services to lease assets as capital leases. As part of those arrangements, the NWSL Commission has additional amounts available to purchase additional equipment or utility vehicles. The amount available is recorded on the statement of net assets as restricted assets. Annual debt service requirements to amortize the notes payable outstanding, as of December 31, 2005 follow:

Year	Principal	Interest	Total
2006	$ 186,370	$ 53,114	$ 239,484
2007	193,366	46,118	239,484
2008	200,508	38,975	239,483
2009	208,150	31,333	239,483
2010	215,963	23,520	239,483
2011	224,070	15,414	239,484
2012	232,454	7,030	239,484
2013	63,286	403	63,689
Total	$ 1,524,167	$ 215,907	$ 1,740,074

Component Unit Capital Lease - The NWSL Commission leases certain equipment and utility vehicles under agreements that are classified as capital leases. The cost of equipment under capital leases is included in the statement of net assets as property, plant and equipment and was approximately $1,138,000 as of December 31, 2005. Accumulated depreciation of the leased equipment at December 31, 2005 was approximately $546,000. Depreciation of assets under capital leases is included in depreciation expense. Annual debt service requirements to amortize the capital lease obligations outstanding, as of December 31, 2005 follow:

Year	Principal	Interest	Total
2006	$ 116,389	$ 19,218	$ 135,607
2007	88,258	13,571	101,829
2008	93,434	8,395	101,829
2009	68,713	4,475	73,188
2010	22,385	371	22,756
Total	$ 389,179	$ 46,030	$ 435,209

2-I. Long-Term Debt - continued

Component Unit - Georgia State Revolving Loan – In 1991, the NWSL Commission received approval for a $5,100,000 loan from the Georgia State Revolving Loan Fund (SRF) for addition and improvements to the Wahoo Creek Water Pollution Control Plant. A one-time administration fee of $204,000 was added to the loan and increased the approved principal amount to $5,304,000. The interest on this loan is at the rate of 4 percent per annum and was accrued during the construction period as draws were made. Construction was completed in early 1994, and the plant is now fully operational. The NWSL Commission elected to add the accrued interest to the loan principal, bringing the total borrowing to $5,664,861. The loan principal and interest will be repaid in monthly payments of $34,309. Annual debt service requirements to amortize the Georgia State revolving loan outstanding, as of December 31, 2005 follow:

Year	Principal	Interest	Total
2006	$ 302,660	$ 109,051	$ 411,711
2007	314,991	96,720	411,711
2008	327,789	83,922	411,711
2009	341,197	70,514	411,711
2010	355,080	56,631	411,711
2011	369,546	42,165	411,711
2012	384,580	27,131	411,711
2013	400,275	11,436	411,711
2014	68,109	346	68,455
Total	$ 2,864,227	$ 497,916	$ 3,362,143

Component Unit – Revenue Bonds

Series 1998 Bonds – During the year 1998, the Commission issued $8,900,000 of Water, Sewerage and Light Commission Public Utilities Revenue Bonds jointly with the City of Newnan, Georgia. The bonds are dated May 1, 1998 and bear interest rates from 4% to 5%.

The Series 1998 Bonds were issued to provide funds to acquire, construct and install certain additions, extensions and improvements to the water and sewer portion of the combined water, sewerage and electric distribution system of the City of Newnan and pay certain costs of issuance of the Series 1998 Bonds. The Series 1998 Bonds are payable solely from the net revenues of the combined water, sewerage and electrical distribution system of the City. The maturities of the Series 1998 Bonds are as follows:

Year	Principal	Interest	Total
2006	$ -	$ 404,015	$ 404,015
2007	145,000	397,715	542,715
2008	150,000	391,190	541,190
2009	160,000	384,440	544,440
2010	165,000	377,240	542,240
2011	175,000	369,733	544,733
2012	180,000	361,683	541,683
2013	190,000	353,313	543,313
2014	200,000	344,383	544,383
2015	520,000	334,883	854,883
2016	650,000	309,923	959,923
2017	685,000	278,723	963,723
2018	720,000	245,500	965,500
2019	1,560,000	382,820	1,942,820
2020	2,660,000	270,750	2,930,750
Total	$ 8,160,000	$ 5,206,311	$ 13,366,311

2-I. Long-Term Debt - continued

Component Unit – Revenue Bonds - continued

Series 2001 Bonds - During the year 2001, the Commission issued $14,835,000 of Water, Sewerage and Light Commission Public Utilities Revenue Bonds jointly with the City of Newnan, Georgia. The bonds are dated December 1, 2001 and bear interest rates from 4.00% to 5.50%.

The Series 2001 Bonds were issued to provide funds to acquire, construct and install certain additions, extensions and improvements to the water and sewer portion of the combined water, sewerage and electric distribution system of the City of Newnan and pay certain costs of issuance of the Series 2001 Bonds. The Series 2001 Bonds are payable solely from the net revenues of the combined water, sewerage and electrical distribution system of the City. The maturities of the Series 2001 Bonds are as follows:

Year	Principal	Interest	Total
2006	$ -	$ 714,826	$ 714,826
2007	280,000	703,826	983,826
2008	290,000	692,136	982,136
2009	305,000	679,489	984,489
2010	315,000	665,056	980,056
2011	330,000	649,756	979,756
2012	575,000	627,956	1,202,956
2013	605,000	596,944	1,201,944
2014	640,000	564,306	1,204,306
2015	670,000	531,556	1,201,556
2016	705,000	496,741	1,201,741
2017	740,000	459,713	1,199,713
2018	775,000	420,891	1,195,891
2019	815,000	380,147	1,195,147
2020	855,000	337,353	1,192,353
2021	905,000	292,253	1,197,253
2022	950,000	244,719	1,194,719
2023	995,000	194,878	1,189,878
2024	1,045,000	142,603	1,187,603
2025	1,105,000	87,509	1,192,509
2026	1,155,000	29,597	1,184,597
Total	$ 14,055,000	$ 9,512,255	$ 23,567,255

2-I. Long-Term Debt - continued

Component Unit – Revenue Bonds - continued

Series 2005 Bonds – During the year 2005 the NWSL Commission (through the Coweta County Development Authority) issued revenue bonds, Series 2005 for the purpose of refinancing the 1997, 2000, and 2002 revenue bonds. The bonds are dated December 15, 2005 with a face value of $33,220,000 and bear interest from 3.5% to 5.0%. The 2005 bonds were to advance refund and defease $6,540,000 of outstanding 1997 Series bonds with an interest rate from 4.35% to 4.9%, $14,755,000 of outstanding 2000 Series bonds with an interest rate form 4.5% to 5.75%, and $12,000,000 of outstanding 2002 Series bonds with an interest rate from 3.0% to 5.25%. The net proceeds of $35,213,581 (after payments $842,749 in underwriting fees, insurance and other issuance cost, $2,863 payment to the NWSL Commission, $1,718,968 debt service transfer to escrow deposit, and bond premium of $1,120,225) were used to purchase securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1997, 2000, and 2002 Series bond. As a result the 1997, 2000, and 2002 bonds are considered legally defeased and have been removed from the NWSL Commission's books. The net carrying amount of the new debt exceeded the net carrying amount of the old debt by $1,272,770, creating a deferred accounting loss. This deferred loss is being amortized over the remaining shorter life of the old debt or the new debt, which ever is shorter. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding total $8,020,844. There was an economic present value loss (difference between the present value of the old debt and new debt service payments) of $537,244 resulting from refund. The effective interest rate is 5.05%. The maturities for the Series 2005 bonds are as follows:

Year	Principal	Interest	Total
2006	$ -	$ 890,709	$ 890,709
2007	-	1,526,930	1,526,930
2008	-	1,526,930	1,526,930
2009	-	1,526,930	1,526,930
2010	1,465,000	1,526,930	2,991,930
2011	1,555,000	1,440,118	2,995,118
2012	1,610,000	1,384,855	2,994,855
2013	1,670,000	1,325,847	2,995,847
2014	1,730,000	1,262,235	2,992,235
2015	1,800,000	1,193,650	2,993,650
2016	1,880,000	1,112,300	2,992,300
2017	1,960,000	1,036,300	2,996,300
2018	2,045,000	951,875	2,996,875
2019	2,145,000	848,500	2,993,500
2020	2,255,000	739,750	2,994,750
2021	2,370,000	625,625	2,995,625
2022	2,490,000	505,625	2,995,625
2023	2,615,000	379,500	2,994,500
2024	2,745,000	247,250	2,992,250
2025	2,885,000	108,250	2,993,250
Total	$ 33,220,000	$ 20,160,109	$ 53,380,109

2-I. Long-Term Debt - continued

Changes in Long-term Debt – Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2005:

Governmental Activities	Outstanding 12/31/2004	Additions	Reductions	Outstanding 12/31/2005	Amounts Due in One Year
Compensated Absences	$ 347,319	$ 5,541	$ -	$ 352,860	$ 188,958
Component Units:					
Revenue bonds	$ 56,995,000	$ 33,220,000	$ 34,780,000	$ 55,435,000	$ 425,000
Notes payable	1,703,795	-	179,628	1,524,167	186,370
Capital lease obligations	303,851	281,128	195,802	389,177	116,389
Georgia state revolving loan	3,155,068	-	290,841	2,864,227	302,660
Total Component units	$ 62,157,714	$ 33,501,128	$ 35,446,271	$ 60,212,571	$ 1,030,419

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. The debts for the NWSL Commission are retired from this fund.

2-J. Net Assets/Deficit Fund Balance

Net assets on the City-wide statement of net assets as of December 31, 2005 are as follows:

Investments in capital assets, net of related debt:	Governmental Activities
Cost of capital assets	$ 57,622,463
Less accumulated depreciation	9,420,368
Investments in capital assets, net of related debt	$ 48,202,095

The Law Enforcement Fund had a deficit fund balance of $2,152 as of December 31, 2005. The City plans to transfer funds from the General Fund to reimburse this fund for the City's required matching portion of grant expenditures.

2-K. Retirement Plans

Each qualified employee is included in at least one of the three retirement plans in which the City participates. These are the City of Newnan Retirement Plan (a defined benefit pension plan) and two City of Newnan's Deferred Compensation Plan and Trust plans, which are deferred compensation plans 100% funded by employee contributions to provide retirement income and other deferred benefits in accordance with the provision of Section 457 of the Internal Revenue Code of 1986, as amended.

CITY OF NEWNAN RETIREMENT PLAN

Plan Description - The City's defined benefit pension plan, the City of Newnan Retirement Plan (the "Plan"), provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (the "System"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

2-K. Retirement Plans - continued

Funding Policy - Employees are not required to contribute to the Plan. The City is required to contribute at an actuarially determined rate. The minimum annual contribution requirements of the City are established by Public Retirement Systems Standards Law (Georgia Code Section 47-20-10).

Annual Pension Cost and Net Pension Obligation - For 2005, the City's annual pension cost of $628,592 for the plan was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases of 5% per year for inflation, (c) additional projected salary increases of .5% per year attributed to seniority/merit, and (d) no per year post-retirement benefit increase. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten-year period. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is thirty years from 1982 and current changes in the unfunded actuarial accrued liability over fifteen years for actuarial gains and losses, twenty years for plan provisions and thirty years for actuarial assumptions and cost methods at a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	Unfunded AAL UAAL (2) - (1)	(4) Funded Ratio (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
7/1/01	$ 4,885,081	$ 6,975,899	$ 2,090,818	70%	$ 5,474,679	38.2%
7/1/02	5,364,508	7,693,038	2,328,530	70%	5,890,594	39.5%
7/1/03	5,772,554	8,475,034	2,702,480	68%	6,401,092	42.2%
7/1/04	6,280,097	9,059,877	2,779,780	69%	6,236,097	44.6%
7/1/05	6,906,500	9,389,861	2,555,097	74%	6,548,148	39.0%

Schedule of Employer Contributions

Year Ended 12/31	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
2001	$ 460,515	100%	$ -
2002	525,830	100%	-
2003	598,613	100%	-
2004	622,244	100%	-
2005	628,592	100%	-

Note 3 - Other Notes

3-A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City has joined the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle and property damage risks.

The City also participates in the Georgia Municipal Employees Benefit System's Life and Health Insurance Program (GMEBS). GMEBS is the policy holder with BlueCross BlueShield of Georgia (BCBSB) and the City subscribes to the program. GMEBS is the City's administrator for health (HMO), dental and life insurance coverages and they engage the insurance company to process and pay claims. The City joined the program by Ordinance and participation is effectively perpetual unless the City initiates a termination. The premiums that are paid to GMEBS cover the cost of all eligible claims incurred while the City is a participating employer and the cost of the services of GMEBS.

3-A. Risk Management - continued

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City must participate at all times in at least one fund which is established by GIRMA. The City retains the first $1,000 of each risk of loss in the form of a deductible. The City files all worker's compensation claims with GIRMA. GIRMA bills the City for any risk of loss up to the $1,000 deductible.

The basis for estimating the liabilities for unpaid claims is "IBNR" or "incurred but not reported" established by an actuary. The City is not aware of any claims that the City is liable for the deductible amount which were outstanding and unpaid as of December 31, 2005. No provisions have been made in the financial statements for the year ended December 31, 2005 for any estimate of unpaid claims.

There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceed the City's insurance coverage during the past three years.

3-B. Contingent Liabilities

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

The City was a defendant in several lawsuits at December 31, 2005. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

In December 2002, the Newnan Hospital Authority (a potential component unit) issued revenue bonds totaling $49 million which was loaned to Newnan Hospital, Inc. to be used for financing the acquisition of Emory Peachtree Regional Hospital and the acquisition, construction and equipping of other healthcare improvements and equipment as well as to refund certain debt obligations previously issued. The principal amount of the debt at December 31, 2005 is $42,635,000. Since the debt is a legal obligation of Newnan Hospital, Inc., it is not reported as City debt.

Newnan Water, Sewerage and Light Commission (NWSL), a component unit, is a participating member in MEAG (Municipal Electric Authority of Georgia (MEAG). The commission is obligated to purchase power and energy requirements through MEAG and has guaranteed a portion of MEAG's debt in the event that MEAG's revenues are insufficient to cover all costs and retire its debt. The City of Newnan is secondarily liable on this debt in the event of MEAG's default. At December 31, 2005, MEAG's outstanding debt was approximately $3.7 billion. The Commissions' share of this debt is approximately $86.2 million.

In May, 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust"), which was created by MEAG for the benefit of MEAG and its wholesale customers that have elected to become beneficiaries. The Trust provides MEAG and the Trust's beneficiaries a mean to mitigate the expected differential between market rates for power and the costs of power generated by MEAG facilities, after deregulation of the electric industry.

3-B. Contingent Liabilities - continued

In association with the Trust, three sub accounts were established for the Commission, a flexible operating trust, a credit support operating trust and a reserve-funded debt trust. The accounts are funded by various sources including contributions from the Commission, from the Commission's Discretionary Reserve Fund with MEAG, MEAG's Rate Stabilization Reserve Fund or from other available MEAG or Commission sources. Withdrawal rights vary by trust: funds in the flexible operating account may be withdrawn at any time, whereas, the balance in the credit support operating trust is available only as an interest-bearing loan that must be repaid within five years and is limited to use for capital expenditures. Funds in the reserve-funded debt trust account may not be withdrawn. Because of the restrictions of the latter two accounts, only the balance in the flexible operating is reflected in the Commission's financial statements as assets. At December 31, 2005, the balance in this account was $1,340,013.

3-C. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the nine county coastal Georgia area, is a member of the Chattahoochee Flint Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended December 31, 2005, the City paid approximately $19,900 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from the Chattahoochee Flint Regional Development Center, P.O. Box 1600, Franklin, Georgia 30217

3-D. Special Purpose Local Option Sales Taxes

On August 6, 1996, the City entered into an agreement with Coweta County and other cities in the County to extend the one percent special purpose local option sales tax for an additional five year term. The special sales tax was formally adopted on July 27, 1996 and went into effect on January 1, 1997. Under this agreement, the City is to use 70% of the sales tax proceeds that it collects from the County for the following capital outlay projects: a records retention center, a city hall, the expansion and remodeling of police headquarters, transportation improvements, recreation park development and road, street and bridge improvements. The remaining 30% is remitted to the NWSL Commission for use on its projects.

In 2001, the City entered into an agreement with Coweta County and other cities in the County to extend the one percent special purpose local option sales tax for an additional five year term. The special sales tax was formally adopted on July 20, 2001 and went into effect on January 1, 2002. Under this agreement, the City is to use 84% of the sales tax proceeds that it collects from the County for the following capital outlay projects: streets, drains and sidewalks, parkland acquisition and development, a convention center, downtown parking facilities, fire equipment and additions to the City shop and other smaller projects. The remaining 16% is remitted to the NWSL Commission for use on its projects.

3-D. Special Purpose Local Option Sales Taxes - continued

The following is a schedule of the activity relating to the special sales taxes for the year ended December 31, 2005:

	SPLOST 1997	SPLOST 2002
Balance on hand, January 1, 2005	$ 2,791,153	$ 4,315,794
Revenue:		
Taxes	-	2,620,816
Investment earnings	74,277	145,761
Less 16% remitted to NWSL Commission	-	(419,330)
Net proceeds to be used for projects	2,865,430	6,663,041
Less amount for projects:		
Municipal buildings	-	-
Construction of downtown parking facilities	-	58,717
Computer equipment	31,070	-
Transportation improvements	-	-
Fire equipment and improvements	-	370,670
Park acquisition and development	509,868	144,437
Streets, drains and sidewalks	22,996	413,495
Convention center	-	142,913
Balance on hand, December 31, 2005	$ 2,301,496	$ 5,532,809

3-E. Hotel/Motel Taxes

The City levies a 5% lodging tax. A summary of the transactions for the year ended December 31, 2005 follows:

	2005	%
Revenue	$ 200,100	100%
Less 60% retained for City use	(120,060)	-60%
Revenue available for expenditure	80,040	40%
Investment earnings	12,510	6%
Net proceeds to be used for projects	92,550	46%
Expenditures		
Newnan Male Academy Museum	4,942	2%
City Promotions	15,569	8%
Total expenditures	20,511	10%
Unexpended funds	$ 72,039	36%

In 1998, the City began funding the development of the Newnan Convention Center. The balance of the resources not expended since 1998, totaling $325,538 with interest, is designated for use in this project. The use of the expenditures is for the promotion of tourism as required by O.C.G.A 48-13-51.

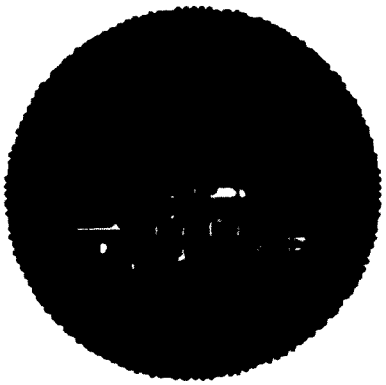
3-F. Prior Period Adjustment

There were two funds inadvertently omitted from the prior year financial statements. One was a special revenue fund – Miscellaneous Grants, which had the following activity in 2004 – grant revenue of $27,065, grant expenditures of $24,104 for an ending fund balance of $2,961 at December 31, 2004.

The other fund was a capital projects fund – Impact Fees. The activity in this fund in 2004 consisted of impact fees revenue of $291,497, investment earnings of $50 and ending beginning fund balance of $291,547 at December 31, 2004.

The total effect on the beginning fund balance was $294,508 for the December 31, 2005 financial statements.

REQUIRED SUPPLEMENTARY INFORMATION



City of Newnan, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Revenues				
Taxes	$ 10,785,000	$ 10,785,000	$ 11,258,132	$ 473,132
Licenses and permits	1,115,800	1,115,800	1,566,857	451,057
Intergovernmental	227,600	227,600	238,685	11,085
Intergovernmental - utility	800,000	800,000	966,488	166,488
Fines and forfeitures	407,500	407,500	448,967	41,467
Investment earnings	69,000	69,000	259,919	190,919
Miscellaneous	211,350	211,350	356,980	145,630
Total Revenues	13,616,250	13,616,250	15,096,028	1,479,778
Expenditures				
Current:				
General government	2,142,149	2,227,149	1,577,852	649,297
Public safety	7,147,906	7,147,906	7,095,440	52,466
Public works	2,006,454	2,006,454	1,962,222	44,232
Community development	1,843,432	1,843,432	1,753,596	89,836
Other services	476,309	476,309	376,657	99,652
Total Expenditures	13,616,250	13,701,250	12,765,767	935,483
Excess of Revenues Over/(Under) Expenditures	-	(85,000)	2,330,261	2,415,261
Other Financing Sources (Uses)				
Transfers out	(341,700)	(341,700)	(1,041,700)	(700,000)
Transfers in	-	85,000	-	(85,000)
Total Other Financing Sources (Uses)	(341,700)	(256,700)	(1,041,700)	(785,000)
Net Change in Fund Balances	$ (341,700)	$ (341,700)	1,288,561	$ 1,630,261
Budgetary Fund Balances Beginning of Year			9,821,347	
Budgetary Fund Balances End of Year			11,109,908	
Adjust to GAAP Basis				
Add back outstanding encumbrances			30,254	
Add indirect cost allocation revenue			1,139,329	
Less indirect cost allocation to functions			(1,040,547)	
GAAP Fund Balances End of Year			$ 11,238,944	

See accompanying notes to required supplementary information.

City of Newnan, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Street Improvement Fund
For the year ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Revenues				
Intergovernmental	$ 673,000	$ 673,000	$ 207,463	$ (465,537)
Investment earnings	1,500	1,500	4,830	3,330
Total Revenues	674,500	674,500	212,293	(462,207)
Expenditures				
Current:				
Public works	1,153,000	1,153,000	16,035	1,136,965
Capital Outlay:				
Public works	-	-	688,254	(688,254)
Total Expenditures	1,153,000	1,153,000	704,289	448,711
(Deficiency) of Revenues (Under) Expenditures	(478,500)	(478,500)	(491,996)	(910,918)
Other Financing Sources (Uses)				
Transfers in	478,500	478,500	750,000	271,500
Total Other Financing Sources (Uses)	478,500	478,500	750,000	271,500
Net Change in Fund Balances	$ -	$ -	258,004	$ (639,418)
Budgetary Fund Balances Beginning of Year			(248,204)	
Budgetary Fund Balances End of Year			9,800	
Adjust to GAAP Basis:				
Less indirect cost allocation			(65,657)	
GAAP Fund Balances End of Year			$ (55,857)	

See accompanying notes to required supplementary information.

1-A. Budgetary Information

The City adopts an annual operating budget for all funds. The budget resolution reflects the total of each department's appropriation in each fund. The governmental fund budgets are adopted on a non-GAAP budgetary basis. Expenditures charged against the budget include outstanding encumbrances at year-end and do not include the indirect cost allocations. Revenues are reported on a GAAP basis.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each function within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

The City Manager may approve budget transfers within departments, limited to $5,000. Any transfers within the department in excess of $5,000 require City Council approval.

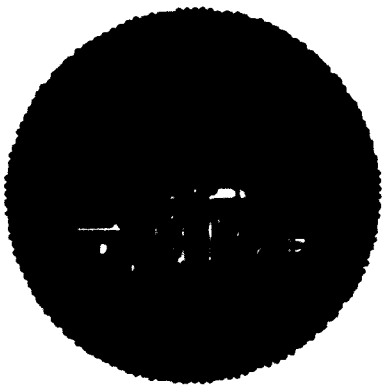
All unexpended, unencumbered annual appropriations lapse at year-end. Encumbered appropriations carry forward automatically.

2-B. Excess of Expenditures over Appropriations

For the year ended December 31, 2005, total expenditures exceeded budget in the General Fund by approximately $106,000; however, total revenues exceeded budget by approximately $1,395,000 for a total favorable variance of approximately $1,289,000. The overages in many of the individual departments, of which Council was aware and had approved in their meetings as appropriations of additional revenues, are being appropriately addressed by management. The City has established a correction action plan for fiscal year 2005 by incorporating budget amendments for all appropriations by Council. The following departments within the fund (i.e., the legal level of budgetary control) reported an excess of expenditures over the final appropriation for the year ended December 31, 2005:

Fund/Department	Final Budget	Budget Expenditures	Negative Variance
General:			
Municipal court	$ 71,688	$ 89,506	$ 17,818
Police	4,557,809	4,613,917	56,108
Public works	2,006,454	2,712,222	705,768

NON-MAJOR GOVERNMENTAL FUNDS



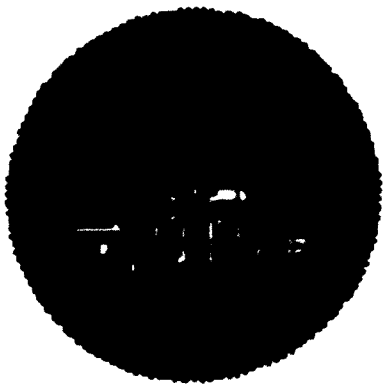
City of Newnan, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	$ 26,983	$ 1,747,501	$ 1,774,484
Investments	328,917	216,737	545,654
Total Assets	$ 355,900	$ 1,964,238	$ 2,320,138
Liabilities and Fund Balances			
Liabilities			
Accounts payable	-	5,040	5,040
Interfund payable	-	33,125	33,125
Deferred revenue	28,883	-	28,883
Total Liabilities	28,883	38,165	67,048
Fund Balances (deficits)			
Reserved for encumbrances	-	4,800	4,800
Reserved for program purposes:			
Tourism enhancement	325,538	-	325,538
Capital purchases	-	1,937,662	1,937,662
Unreserved, undesignated, reported in:			
Special revenue funds	1,479	-	1,479
Capital projects funds	-	(16,389)	(16,389)
Total Fund Balances (deficits)	327,017	1,926,073	2,253,090
Total Liabilities and Fund Balances (deficits)	$ 355,900	$ 1,964,238	$ 2,320,138

City of Newnan, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Hotel/motel taxes	$ 80,040	$ -	$ 80,040
Court condemnations	11,832	-	11,832
Grants received	23,391	-	23,391
Intergovernmental revenues	-	15,000	15,000
Impact fees	-	1,414,933	1,414,933
Investment earnings	13,081	42,953	56,034
Total Revenues	128,344	1,472,886	1,601,230
Expenditures			
Current:			
General government - indirect cost allocation	-	33,125	33,125
Tourist development	20,511	-	20,511
Public safety	36,976	18,498	55,474
Capital Outlay:			
Public safety	-	181,348	181,348
Public works	-	110,788	110,788
Community development	-	44,688	44,688
Total Expenditures	57,487	388,447	445,934
Excess (Deficiency) of Revenues Over (Under) Expenditures	70,857	1,084,439	1,155,296
Other Financing Sources (Uses)			
Transfers in	-	291,700	291,700
Total Other Financing Sources (Uses)	-	291,700	291,700
Net Change in Fund Balances	70,857	1,376,139	1,446,996
Fund Balances Beginning of Year	256,160	549,934	806,094
Fund Balances End of Year	$ 327,017	$ 1,926,073	$ 2,253,090

GENERAL FUND



City of Newnan, Georgia
Comparative Balance Sheet
General Fund
December 31, 2005 and 2004

	2005	2004
Assets		
Cash and cash equivalents	$ 8,825,403	$ 6,616,035
Investments	1,385,200	2,045,124
Receivables:		
Sales taxes	398,231	510,379
Property taxes	430,226	348,437
Other	424,862	459,574
Interfund	98,782	88,919
Inventory	9,625	15,787
Prepaid items	144,614	863
Total Assets	11,716,943	10,085,118
Liabilities and Fund Balances		
Liabilities		
Accounts payable	67,740	56,537
Accrued expenditures	68	35,778
Accrued payroll and payroll taxes	39,250	60,420
Deferred revenue	370,941	111,036
Total Liabilities	477,999	263,771
Fund Balances		
Reserved for:		
Inventory	9,636	15,788
Prepaid items	144,614	863
Program purposes	101,259	131,494
Unreserved	10,983,435	9,673,202
Total Fund Balances	11,238,944	9,821,347
Total Liabilities and Fund Balances	$ 11,716,943	$ 10,085,118

City of Newnan, Georgia
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
General Fund
For the Years Ended December 31, 2005 and 2004

	2005	2004
Revenues		
Taxes	$ 11,258,132	$ 10,840,072
Licenses and permits	1,566,857	1,213,279
Intergovernmental	238,685	187,749
Intergovernmental - utility	966,488	853,125
Fines and forfeitures	448,967	430,826
Investment earnings	259,919	91,569
Miscellaneous	329,590	220,441
Indirect cost allocations	1,139,329	1,028,938
Total Revenues	16,207,967	14,865,999
Expenditures		
Current:		
General government	1,538,861	1,478,825
Public safety	7,754,508	7,196,851
Public works	2,145,149	1,858,469
Community development	1,890,770	1,815,857
Other services	411,772	463,044
Capital Outlay		
General government	-	8,073
Public safety	-	45,224
Public works	-	107,133
Community development	-	10,895
Total Expenditures	13,741,060	12,984,371
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,466,907	1,881,628
Other Financing Sources (Uses)		
Sale of capital assets	27,390	81,500
Transfers out	(1,076,700)	(347,500)
Total Other Financing Sources (Uses)	(1,049,310)	(266,000)
Net Change in Fund Balances	1,417,597	1,615,628
Fund Balances Beginning of Year	9,821,347	8,205,719
Fund Balances End of Year	$ 11,238,944	$ 9,821,347

City of Newnan, Georgia
Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Revenues				
Taxes				
Property Tax - Current	$ 2,600,000	$ 2,600,000	$ 2,778,148	$ 178,148
Public Utility Tax	60,000	60,000	36,809	(23,191)
Property Tax - Delinquent	200,000	200,000	141,743	(58,257)
Motor Vehicle Tax	175,000	175,000	199,994	24,994
Intangible Tax	-	-	199,194	199,194
Franchise Tax - Georgia Power	110,000	110,000	116,435	6,435
Franchise Tax - EMC	300,000	300,000	291,163	(8,837)
Franchise Tax - Gas	180,000	180,000	197,698	17,698
Franchise Tax - Cable TV	175,000	175,000	206,054	31,054
Franchise - Telephone	150,000	150,000	124,185	(25,815)
Sales Tax - Local Option	4,000,000	4,000,000	4,037,621	37,621
Hotel/Motel Tax	180,000	180,000	120,060	(59,940)
Beer and Wine Tax	525,000	525,000	575,383	50,383
Alcoholic Beverage Excise Tax	40,000	40,000	61,610	21,610
Occupational Tax	1,100,000	1,100,000	1,161,836	61,836
Professional Tax	75,000	75,000	42,318	(32,682)
Insurance Premiums Tax	775,000	775,000	813,456	38,456
Financial Institution Tax	100,000	100,000	94,018	(5,982)
Insurance Agents Tax	25,000	25,000	22,875	(2,125)
Interest and Penalties	15,000	15,000	37,532	22,532
Total Taxes	10,785,000	10,785,000	11,258,132	473,132
Licenses and Permits				
Alcoholic Beverage License	19,000	19,000	21,183	2,183
Spirituous Liquor Beverage License	111,800	111,800	215,000	103,200
Residential Construction Permits	450,000	450,000	813,697	363,697
Commercial Construction Permits	70,000	70,000	64,986	(5,014)
Building Plan Review	65,000	65,000	74,365	9,365
Variance Appeal Fees	5,000	5,000	7,125	2,125
Zoning Certification Fee	500	500	600	100
Rezoning/Annexation Fee	4,000	4,000	3,178	(822)
Sign Permit	4,000	4,000	4,986	986
Site Preparation Fee	4,000	4,000	63,370	59,370
Land Disturbance Permit	70,000	70,000	36,115	(33,885)
Demolition Permit	2,000	2,000	850	(1,150)
Mechanical Permit	30,000	30,000	29,590	(410)
Renovation Permit	70,000	70,000	74,962	4,962
Tree Removal Permit	500	500	55	(445)
Environmental Protection Fee	20,000	20,000	11,560	(8,440)
Plumbing Permit	55,000	55,000	38,965	(16,035)
Construction Plan Review	-	-	451	451
Electrical Permit	85,000	85,000	67,660	(17,340)
Gas Permit	7,000	7,000	4,660	(2,340)
Burn Permit	-	-	100	100
Re-Inspect Fee	5,000	5,000	21,875	16,875
Subdivision Plat Fee	3,000	3,000	1,637	(1,363)
Site Development Plan Fee	35,000	35,000	8,087	(26,913)
Sidewalk Inspections/Re-Inspect Fee	-	-	225	225
Curb Cuts by City Staff	-	-	1,575	1,575
Total Licenses and Permits	1,115,800	1,115,800	1,566,857	451,057
Totals carried forward	11,900,800	11,900,800	12,824,989	924,189

(continued)

City of Newnan, Georgia
Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Brought forward	$ 11,900,800	$ 11,900,800	$ 12,824,989	$ 924,189
Revenues				
Intergovernmental				
Housing Authority Grant	41,600	41,600	27,733	(13,867)
Real Estate Transfer Tax	80,000	80,000	93,961	13,961
Brown's Mill Depot Grant	-	-	19,571	19,571
School Resource Officer	55,000	55,000	64,100	9,100
Payments In Lieu Of Tax	51,000	51,000	28,724	(22,276)
Other	-	-	4,596	4,596
Total Intergovernmental	227,600	227,600	238,685	11,085
Intergovernmental - Utility	800,000	800,000	966,488	166,488
Fund Transfers	-	85,000	-	(85,000)
Fines and Forfeitures				
Police Fines	375,000	375,000	412,223	37,223
Parking Fines	28,000	28,000	26,405	(1,595)
Technical Fees From Fines	4,500	4,500	10,339	5,839
Total Fines and Forfeitures	407,500	407,500	448,967	41,467
Investment Earnings	69,000	69,000	259,919	190,919
Miscellaneous				
Sale of Recyclables	100	100	146	46
Administration Fee for Impact Fee Collections	20,000	20,000	42,490	22,490
Cemetery Lot Sales	58,000	58,000	72,300	14,300
Monument Setting Fee	750	750	855	105
Cemetery Services	75,000	75,000	77,640	2,640
Rental Fees	3,500	3,500	8,478	4,978
Miscellaneous Revenue	54,000	54,000	109,309	55,309
Sale of Capital Assets	-	-	27,390	27,390
Workers Compensation Refund	-	-	18,373	18,373
Total Miscellaneous	211,350	211,350	356,981	145,631
Total Revenues	$ 13,616,250	$ 13,701,250	$ 15,096,029	$ 1,394,779

City of Newnan, Georgia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
General Government				
City Council Department				
Wages - Part Time/Temp	$ 43,000	$ 43,000	$ 44,662	$ (1,662)
Group Insurance	44,688	44,688	45,606	(918)
Social Security	3,289	3,289	3,290	(1)
Retirement	4,300	4,300	3,612	688
Worker's Compensation	183	183	194	(11)
Communications	200	200	57	143
Travel	35,000	35,000	24,900	10,100
Publications and Dues	50	50	-	50
Office Supplies	1,150	1,150	349	801
Total City Council Department	**131,860**	**131,860**	**122,670**	**9,190**
City Manager Department				
City Manager Admin				
Salaries	199,654	199,654	200,979	(1,325)
Group Insurance	18,038	18,038	11,331	6,707
Social Security	13,013	13,013	12,725	288
Retirement	17,011	17,011	5,359	11,652
Unemployment Insurance	3	3	-	3
Worker's Compensation	662	662	703	(41)
Employee Allowance	4,800	4,800	4,800	-
Insurance - Bldg. and Pers.	1,200	1,200	1,429	(229)
Communications	1,200	1,200	-	1,200
Printing & Binding	11,000	11,000	-	11,000
Travel	12,000	12,000	3,225	8,775
Dues and Fees	6,000	6,000	-	6,000
Materials and Supplies	200	200	-	200
Office Supplies	2,000	2,000	1,719	281
Books and Periodicals	280	280	303	(23)
Minor Equipment	1,250	1,250	911	339
Total City Manager Admin	288,311	288,311	243,484	44,827
Public Information				
Wages	43,199	43,199	43,450	(251)
Employee Insurance	3,308	3,308	3,713	(405)
Social Security	3,304	3,304	3,284	20
Retirement	4,319	4,319	3,628	691
Worker's Compensation	97	97	102	(5)
Public Relations	10,100	10,100	9,321	779
Insurance - Bldg. and Pers.	430	430	512	(82)
Communications	528	528	486	42
Printing and Binding	5,150	5,150	4,246	904
Travel Expenses	800	800	848	(48)
Dues and Fees	350	350	350	-
Materials and Supplies	150	150	150	-
Total Public Information	71,735	71,735	70,090	1,645
Total City Manager Department	**360,046**	**360,046**	**313,574**	**46,472**
Totals carried forward	491,906	491,906	436,244	55,662

(continued)

City of Newnan, Georgia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Totals brought forward	$ 491,906	$ 491,906	$ 436,244	$ 55,662
General Government				
City Clerk Department				
Salaries	48,801	48,801	50,595	(1,794)
Group Insurance	3,804	3,804	4,050	(246)
Social Security	3,733	3,733	3,849	(116)
Retirement	4,880	4,880	4,099	781
Unemployment Insurance	1	1	-	1
Worker's Compensation	109	109	116	(7)
Professional Services	300	300	540	(240)
Other Contractual Service	300	300	350	(50)
Elections	4,500	4,500	-	4,500
Insurance - Bldg. and Pers.	250	250	298	(48)
Insurance - Surety Bonds.	150	150	-	150
Printing and Binding	1,415	1,415	597	818
Travel	1,500	1,500	-	1,500
Publications and Dues	300	300	40	260
Training	1,300	1,300	-	1,300
Books and Periodicals	100	100	99	1
Computer Hardware & Software	500	500	509	(9)
Total City Clerk Department	**71,943**	**71,943**	**65,142**	**6,801**
Totals carried forward	563,849	563,849	501,386	62,463

(continued)

City of Newnan, Georgia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Totals brought forward	$ 563,849	$ 563,849	$ 501,386	$ 62,463
General Government				
Finance Department				
Salaries	164,142	164,142	166,509	(2,367)
Wages - Overtime	-	-	561	(561)
Group Insurance	16,414	16,414	16,585	(171)
Social Security	15,858	15,858	12,503	3,355
Retirement	16,414	16,414	13,788	2,626
Worker's Compensation	370	370	387	(17)
Professional Services	30,000	65,000	62,201	2,799
Other Contractual Services	6,440	6,440	8,302	(1,862)
Repairs and Maintenance	500	500	210	290
Insurance - Bldg. and Pers.	1,500	1,500	1,786	(286)
Advertising	3,500	3,500	1,469	2,031
Printing and Binding	5,250	5,250	2,053	3,197
Travel	3,800	3,800	3,640	160
Publications and Dues	570	570	50	520
Training	2,000	2,000	1,705	295
Office Supplies	2,500	2,500	2,214	286
Books and Periodicals	360	360	412	(52)
Computer Hardware and Software	850	850	865	(15)
Miscellaneous	600	600	121	479
Total Finance Department	**271,068**	**306,068**	**295,361**	**10,707**
City Attorney Department				
Professional Services	105,000	105,000	83,832	21,168
Travel	3,000	3,000	3,368	(368)
Training	550	550	-	550
Total City Attorney Department	**108,550**	**108,550**	**87,200**	**21,350**
Information Technology Department				
Salaries	59,358	59,358	61,576	(2,218)
Group Insurance	7,986	7,986	8,239	(253)
Social Security	4,540	4,540	4,497	43
Retirement	5,935	5,935	4,986	949
Unemployment Insurance	1	1	-	1
Worker's Compensation	131	131	139	(8)
Other Contractual Services	800	800	-	800
Repairs and Maintenance	38,050	38,050	37,926	124
Building & Permit Insurance	375	375	447	(72)
Communications	530	530	864	(334)
Travel	800	800	88	712
Publications and Dues	75	75	75	-
Training	2,350	2,350	1,761	589
Materials and Supplies	600	600	122	478
Office Supplies	300	300	489	(189)
Books and Periodicals	195	195	300	(105)
Minor Equipment	2,750	2,750	2,828	(78)
Computer Equipment	13,050	13,050	13,310	(260)
Total Information Technology Department	**137,826**	**137,826**	**137,647**	**179**
Totals carried forward	1,081,293	1,116,293	1,021,594	94,699

(continued)

City of Newnan, Georgia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Totals brought forward	$ 1,081,293	$ 1,116,293	$ 1,021,594	$ 94,699
General Government				
Human Resources Department				
Salaries	76,787	76,787	79,731	(2,944)
Group Insurance	7,608	7,608	7,425	183
Social Security	5,874	5,874	5,990	(116)
Retirement	7,678	7,678	3,762	3,916
Tuition Reimbursement	2,000	2,000	1,133	867
Unemployment Insurance	3	3	7,800	(7,797)
Worker's Compensation	170	170	181	(11)
Employee Recognition	18,300	18,300	11,689	6,611
Professional Services	16,950	16,950	9,467	7,483
Insurance - Bldg. and Pers.	750	750	893	(143)
Advertising	1,500	1,500	2,718	(1,218)
Printing and Binding	1,500	1,500	201	1,299
Travel	2,000	2,000	1,540	460
Publications and Dues	585	585	595	(10)
Training	1,350	1,350	685	665
Materials and Supplies	1,300	1,300	130	1,170
Office Supplies	1,200	1,200	786	414
Medical Supplies	150	150	-	150
Food Supplies	500	500	-	500
Books and Periodicals	875	875	940	(65)
Computer Hardware and Software	1,400	1,400	1,388	12
Total Human Resources Department	**148,480**	**148,480**	**137,054**	**11,426**
Municipal Court Department				
Wages - Part Time	9,000	9,000	10,069	(1,069)
Social Security	688	688	770	(82)
Professional Services	60,000	60,000	78,667	(18,667)
Training	1,000	1,000	-	1,000
Minor Equipment	1,000	1,000	-	1,000
Total Municipal Court Department	**71,688**	**71,688**	**89,506**	**(17,818)**
Miscellaneous Department				
Employee Recognition	1,000	1,000	-	1,000
Professional Services	2,275	2,275	145	2,130
Public Relations	5,000	5,000	2,773	2,227
Repairs and Maintenance	5,940	5,940	5,933	7
Equip and Vehicle Rental	3,036	3,036	3,036	-
Vehicle Insurance	650	650	774	(124)
Insurance - Bldg. and Pers.	100,000	100,000	112,660	(12,660)
Communications	63,900	63,900	60,774	3,126
Advertising	500	500	2	498
Publications and Dues	8,100	8,100	8,775	(675)
Office Supplies	5,000	5,000	6,467	(1,467)
Vehicle Fluids/Maintenance	1,600	1,600	-	1,600
Miscellaneous	301,987	351,987	75,671	276,316
Grants and Contributions	20,000	20,000	18,000	2,000
Keep Newnan Beautiful	20,000	20,000	6,256	13,744
Aryshire Fiddle Committee	10,000	10,000	8,861	1,139
Browns Mill Depot Grant	-	-	19,571	(19,571)
Transfer to Capital Fund	291,700	291,700	291,700	-
Total Miscellaneous Department	**840,688**	**890,688**	**621,398**	**269,290**
Total General Government	**2,142,149**	**2,227,149**	**1,869,552**	**357,597**
Totals carried forward	2,142,149	2,227,149	1,869,552	357,597

(continued)

City of Newnan, Georgia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Totals brought forward	$ 2,142,149	$ 2,227,149	$ 1,869,552	$ 357,597
Public Safety				
Police Department				
Salaries	2,660,967	2,660,967	2,704,831	(43,864)
Wages - Part Time	23,968	23,968	16,562	7,406
Wages - Overtime	40,000	40,000	60,855	(20,855)
Group Insurance	454,092	454,092	423,547	30,545
Social Security	205,310	205,310	203,547	1,763
Retirement	266,096	266,096	256,778	9,318
Unemployment Insurance	114	114	-	114
Worker's Compensation	83,120	83,120	88,309	(5,189)
Employee Allowance	32,850	32,850	31,813	1,037
Professional Services	30,000	30,000	13,577	16,423
Other Contractual Service	5,950	5,950	3,276	2,674
Repairs and Maintenance	60,000	60,000	75,271	(15,271)
Vehicle Insurance	19,500	19,500	23,224	(3,724)
Insurance - Bldg. and Pers.	119,700	119,700	142,560	(22,860)
Communications	20,920	20,920	18,124	2,796
Printing and Binding	5,000	5,000	2,750	2,250
Travel	4,000	4,000	2,584	1,416
Publications and Dues	1,045	1,045	630	415
Training	6,700	6,700	2,254	4,446
Materials and Supplies	30,000	30,000	21,660	8,340
Office Supplies	8,000	8,000	9,422	(1,422)
Cleaning and Chemical Supp.	2,600	2,600	2,153	447
Protective Equipment	8,100	8,100	12,158	(4,058)
Vehicle Gasoline/Diesel	92,000	92,000	140,558	(48,558)
Books and Periodicals	200	200	152	48
Minor Equipment	35,000	35,000	25,347	9,653
Computer Equipment	13,400	13,400	12,725	675
Vehicle Fluids/Maintenance	65,000	65,000	67,807	(2,807)
Total Police Department	**4,293,632**	**4,293,632**	**4,362,474**	**(68,842)**
Police - Housing Authority				
Salaries	33,897	33,897	23,019	10,878
Wages - Overtime	-	-	91	(91)
Group Insurance	3,804	3,804	185	3,619
Social Security	2,593	2,593	1,639	954
Retirement	3,389	3,389	2,847	542
Unemployment Insurance	1	1	-	1
Worker's Compensation	1,128	1,128	1,198	(70)
Employee Allowance	450	450	-	450
Vehicle Insurance	1,350	1,350	1,608	(258)
Insurance - Bldg. and Pers.	1,275	1,275	1,518	(243)
Printing and Binding	70	70	-	70
Travel	200	200	-	200
Training	200	200	-	200
Materials and Supplies	100	100	-	100
Protective Equipment	600	600	-	600
Vehicle Gasoline/Diesel	2,239	2,239	4,973	(2,734)
Vehicle Fluids/Maintenance	1,758	1,758	-	1,758
Total Police - Housing Authority	**53,054**	**53,054**	**37,078**	**15,976**
Totals carried forward	6,488,835	6,573,835	6,269,104	304,731

(continued)

City of Newnan, Georgia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Totals brought forward	$ 6,488,835	$ 6,573,835	$ 6,269,104	$ 304,731
Public Safety				
School Resource Officer				
Salaries	146,491	146,491	153,769	(7,278)
Wages - Overtime	-	-	-	-
Group Insurance	19,398	19,398	20,389	(991)
Social Security	11,206	11,206	11,522	(316)
Retirement	14,790	14,790	12,424	2,366
Unemployment Insurance	6	6	-	6
Worker's Compensation	4,877	4,877	5,181	(304)
Employee Allowance	1,800	1,800	-	1,800
Vehicle Insurance	1,875	1,875	2,233	(358)
Insurance - Bldg. and Pers.	1,750	1,750	2,083	(333)
Printing and Binding	280	280	-	280
Travel	600	600	-	600
Training	700	700	-	700
Materials and Supplies	1,500	1,500	-	1,500
Protective Equipment	850	850	-	850
Vehicle Gasoline/Diesel	2,000	2,000	4,755	(2,755)
Vehicle Fluids/Maintenance	3,000	3,000	2,008	992
Total School Resource Officer	**211,123**	**211,123**	**214,365**	**(3,242)**
Fire Department #1				
Salaries	1,698,847	1,698,847	1,678,734	20,113
Wages - Overtime	14,000	14,000	13,122	878
Group Insurance	292,458	292,458	262,066	30,392
Social Security	129,961	129,961	124,432	5,529
Retirement	69	69	145,827	(145,758)
Unemployment Insurance	169,884	169,884	-	169,884
Worker's Compensation	40,500	40,500	43,029	(2,529)
Employee Allowance	16,800	16,800	16,845	(45)
Other Contractual Service	1,712	1,712	315	1,397
Repairs and Maintenance	18,950	18,950	21,990	(3,040)
Vehicle Insurance	16,500	16,500	19,651	(3,151)
Insurance - Bldg. and Pers.	5,400	5,400	6,431	(1,031)
Communications	4,536	4,536	3,206	1,330
Advertising	150	150	-	150
Printing and Binding	680	680	5	675
Travel	1,950	1,950	1,969	(19)
Publications and Dues	780	780	835	(55)
Training	7,000	7,000	5,204	1,796
Materials and Supplies	4,000	4,000	4,053	(53)
Office Supplies	1,440	1,440	1,223	217
Cleaning and Chemical Supp.	3,100	3,100	2,453	647
Medical Supplies	2,888	2,888	2,979	(91)
Protective Equipment	35,000	35,000	13,899	21,101
Vehicle Gasoline/Diesel	9,500	9,500	19,396	(9,896)
Food Supplies	500	500	71	429
Books and Periodicals	390	390	229	161
Minor Equipment	10,070	10,070	1,983	8,087
Computer Expenditures	5,000	5,000	4,125	875
Vehicle Fluids/Maintenance	19,200	19,200	17,723	1,477
Total Fire Department #1	**2,511,265**	**2,511,265**	**2,411,795**	**99,470**
Total carried forward	9,211,223	9,296,223	8,895,264	400,959

(continued)

City of Newnan, Georgia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Totals brought forward	$ 9,211,223	$ 9,296,223	$ 8,895,264	$ 400,959
Public Safety				
Fired Department #2				
Other Contractual Service	240	240	200	40
Repairs and Maintenance	1,400	1,400	809	591
Communications	440	440	-	440
Materials and Supplies	1,600	1,600	943	657
Office Supplies	500	500	328	172
Cleaning and Chemical Supp.	1,000	1,000	653	347
Utility Services	6,500	6,500	13,860	(7,360)
Electricity	6,500	6,500	-	6,500
Food Supplies	500	500	-	500
Minor Equipment	3,500	3,500	255	3,245
Total Fire Department #2	**22,180**	**22,180**	**17,048**	**5,132**
Animal Services Department				
Salaries	27,969	27,969	28,147	(178)
Wages - Overtime	800	800	455	345
Group Insurance	7,986	7,986	10,775	(2,789)
Social Security	2,078	2,078	1,975	103
Retirement	2,796	2,796	2,349	447
Unemployment Insurance	1	1	-	1
Worker's Compensation	356	356	378	(22)
Employee Allowance	450	450	-	450
Professional Services	3,000	3,000	1,584	1,416
Repairs and Maintenance	125	125	65	60
Vehicle Insurance	1,076	1,076	1,281	(205)
Insurance - Bldg. and Pers.	950	950	1,131	(181)
Communications	912	912	938	(26)
Printing and Binding	105	105	-	105
Travel	175	175	-	175
Dues and Fees	80	80	35	45
Training	225	225	-	225
Materials and Supplies	475	475	128	347
Protective Equipment	180	180	-	180
Vehicle Gasoline/Diesel	2,350	2,350	2,117	233
Minor Equipment	1,613	1,613	327	1,286
Uniform Rental	450	450	364	86
Vehicle Fluids/Maintenance	2,500	2,500	631	1,869
Total Animal Services Department	**56,652**	**56,652**	**52,680**	**3,972**
Total Public Safety	**7,147,906**	**7,147,906**	**7,095,440**	**52,466**
Total carried forward	9,290,055	9,375,055	8,964,992	410,063

(continued)

City of Newnan, Georgia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Totals brought forward	$ 9,290,055	$ 9,375,055	$ 8,964,992	$ 410,063
Public Works				
Public Works Administration				
Salaries	109,478	109,478	105,150	4,328
Group Insurance	15,972	15,972	13,348	2,624
Social Security	8,375	8,375	7,834	541
Retirement	10,947	10,947	9,196	1,751
Unemployment Insurance	3	3	-	3
Worker's Compensation	242	242	257	(15)
Vehicle Insurance	300	300	357	(57)
Insurance - Bldg. and Pers.	675	675	804	(129)
Communications	2,700	2,700	1,349	1,351
Travel	500	500	-	500
Training	400	400	242	158
Office Supplies	500	500	310	190
Cleaning and Chemical Supp.	250	250	-	250
Vehicle Gasoline/Diesel	800	800	476	324
Food Supplies	500	500	125	375
Vehicle Maintenance	900	900	-	900
Total Public Works Administration	**152,542**	**152,542**	**139,448**	**13,094**
Streets Department				
Salaries	522,622	522,622	501,804	20,818
Wages - Part Time	10,929	10,929	10,750	179
Wages - Overtime	7,500	7,500	5,636	1,864
Group Insurance	130,068	130,068	103,290	26,778
Social Security	40,793	40,793	37,576	3,217
Retirement	52,262	52,262	43,902	8,360
Unemployment Insurance	33	33	-	33
Worker's Compensation	32,467	32,467	34,726	(2,259)
Professional Services	-	-	24,028	(24,028)
Other Contractual Service	300	300	300	-
Solid Waste Disposal	55,000	55,000	76,036	(21,036)
Repairs and Maintenance	-	-	3,350	(3,350)
Vehicle Insurance	6,200	6,200	7,384	(1,184)
Insurance - Bldg. and Pers.	4,785	4,785	5,699	(914)
Communications	3,450	3,450	2,278	1,172
Training	1,200	1,200	1,043	157
Materials and Supplies	35,050	35,050	25,600	9,450
Office Supplies	150	150	136	14
Cleaning and Chemical Supp.	1,325	1,325	3,311	(1,986)
Protective Equipment	900	900	918	(18)
Electricity	90,000	90,000	133,491	(43,491)
Vehicle Gasoline/Diesel	19,000	19,000	46,946	(27,946)
Minor Equipment	13,200	13,200	6,896	6,304
Uniform Rental	3,700	3,700	5,946	(2,246)
Vehicle Fluids/Maintenance	54,000	54,000	73,552	(19,552)
Transfer to Street Fund	50,000	50,000	750,000	(700,000)
Total Streets Department	**1,134,934**	**1,134,934**	**1,904,598**	**(769,664)**
Total carried forward	10,577,531	10,662,531	11,009,038	(346,507)

(continued)

City of Newnan, Georgia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Totals brought forward	$ 10,577,531	$ 10,662,531	$ 11,009,038	$ (346,507)
Public Works				
Garage Department				
Wages	205,493	205,493	204,881	612
Wages - Overtime	3,000	3,000	1,129	1,871
Group Insurance	39,552	39,552	40,359	(807)
Social Security	15,720	15,720	14,909	811
Retirement	20,549	20,549	17,262	3,287
Unemployment Insurance	9	9	-	9
Worker's Compensation	5,262	5,262	5,591	(329)
Other Contractual Service	1,375	1,375	-	1,375
Repairs and Maintenance	8,100	8,100	992	7,108
Vehicle Insurance	1,375	1,375	1,638	(263)
Insurance - Bldg. and Pers.	1,298	1,298	1,546	(248)
Training	1,800	1,800	1,952	(152)
Materials and Supplies	9,150	9,150	8,943	207
Office Supplies	850	850	610	240
Protective Equipment	150	150	108	42
Utility Services	9,300	9,300	8,358	942
Vehicle Gasoline/Diesel	2,100	2,100	3,450	(1,350)
Minor Equipment	8,700	8,700	7,437	1,263
Uniform Rental	3,000	3,000	2,941	59
Vehicle Fluids/Maintenance	1,700	1,700	1,728	(28)
Total Garage Department	**338,483**	**338,483**	**323,834**	**14,649**
Cemetery				
Salaries	236,481	236,481	221,825	14,656
Wages - Part Time	10,382	10,382	-	10,382
Wages - Overtime	10,600	10,600	11,984	(1,384)
Group Insurance	42,978	42,978	34,334	8,644
Social Security	18,790	18,790	17,464	1,326
Retirement	23,524	23,524	19,761	3,763
Unemployment Insurance	12	12	-	12
Worker's Compensation	12,266	12,266	13,032	(766)
Other Contractual Service	120	120	120	-
Repairs and Maintenance	1,700	1,700	698	1,002
Vehicle Insurance	3,852	3,852	4,588	(736)
Insurance - Bldg. and Pers.	2,640	2,640	3,144	(504)
Communications	600	600	1,292	(692)
Materials and Supplies	4,060	4,060	2,889	1,171
Office Supplies	75	75	73	2
Cleaning and Chemical Supp.	200	200	204	(4)
Medical Supplies	65	65	22	43
Protective Equipment	100	100	75	25
Vehicle Gasoline/Diesel	3,000	3,000	6,566	(3,566)
Minor Equipment	4,500	4,500	1,398	3,102
Uniform Rental	1,900	1,900	1,884	16
Vehicle Fluids/Maintenance	2,500	2,500	2,800	(300)
Landscaping Supplies	150	150	189	(39)
Total Cemetery	**380,495**	**380,495**	**344,342**	**36,153**
Total Public Works	**2,006,454**	**2,006,454**	**2,712,222**	**(705,768)**
Total carried forward	11,296,509	11,381,509	11,677,214	(295,705)

(continued)

City of Newnan, Georgia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Totals brought forward	$ 11,296,509	$ 11,381,509	$ 11,677,214	$ (295,705)
Community Development				
Building Maintenance				
Wages	90,575	90,575	78,671	11,904
Wages - Overtime	500	500	524	(24)
Group Insurance	19,776	19,776	17,153	2,623
Social Security	6,929	6,929	5,734	1,195
Retirement	8,274	8,274	6,950	1,324
Unemployment Insurance	5	5	-	5
Worker's Compensation	3,611	3,611	3,836	(225)
Other Contractual Service	21,900	21,900	19,452	2,448
Repairs and Maintenance	50,000	50,000	41,143	8,857
Vehicle Insurance	1,100	1,100	1,310	(210)
Insurance - Bldg. and Pers.	21,050	21,050	25,070	(4,020)
Communications	1,100	1,100	1,080	20
Travel	200	200	-	200
Training	200	200	-	200
Office Supplies	100	100	-	100
Cleaning and Chemical Supp.	750	750	2,008	(1,258)
Protective Equipment	400	400	217	183
Utility Services	21,000	21,000	31,882	(10,882)
Vehicle Gasoline/Diesel	1,800	1,800	3,505	(1,705)
Minor Equipment	10,800	10,800	10,461	339
Uniform Rental	450	450	364	86
Vehicle Fluids/Maintenance	2,000	2,000	2,912	(912)
Total Building Maintenance	**262,520**	**262,520**	**252,272**	**10,248**
City Engineer				
Salaries	132,467	132,467	88,324	44,143
Group Insurance	19,776	19,776	12,976	6,800
Social Security	10,113	10,113	6,583	3,530
Retirement	13,246	13,246	11,127	2,119
Unemployment Insurance	4	4	-	4
Worker's Compensation	7,167	7,167	7,614	(447)
Vehicle Insurance	1,150	1,150	1,370	(220)
Insurance - Bldg. and Pers.	1,500	1,500	1,786	(286)
Communications	2,520	2,520	2,455	65
Printing and Binding	1,800	1,800	1,618	182
Travel	1,800	1,800	-	1,800
Publications and Dues	550	550	494	56
Training	1,750	1,750	377	1,373
Materials and Supplies	480	480	313	167
Office Supplies	500	500	329	171
Vehicle Gasoline/Diesel	2,800	2,800	4,695	(1,895)
Books and Periodicals	200	200	150	50
Minor Equipment	1,300	1,300	204	1,096
Computer Equipment	2,500	2,500	2,479	21
Vehicle Fluids/Maintenance	800	800	1,810	(1,010)
Total City Engineer	**202,423**	**202,423**	**144,704**	**57,719**
Total carried forward	11,761,452	11,846,452	12,074,190	(227,738)

(continued)

City of Newnan, Georgia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Totals brought forward	$ 11,761,452	$ 11,846,452	$ 12,074,190	$ (227,738)
Community Development				
Parks and Right-of-Way Beautification				
Wages	264,343	264,343	276,578	(12,235)
Group Insurance	46,404	46,404	56,736	(10,332)
Social Security	20,222	20,222	20,511	(289)
Retirement	26,434	26,434	22,205	4,229
Unemployment Insurance	15	15	-	15
Worker's Compensation	16,701	16,701	17,744	(1,043)
Other Contractual Service	15,600	15,600	12,385	3,215
Repairs and Maintenance	4,000	4,000	3,687	313
Vehicle Insurance	4,725	4,725	5,627	(902)
Insurance - Bldg. and Pers.	1,600	1,600	1,905	(305)
Communications	2,400	2,400	2,365	35
Travel	600	600	262	338
Publications and Dues	825	825	895	(70)
Training	1,100	1,100	1,100	-
Office Supplies	550	550	594	(44)
Cleaning and Chemical Supp.	2,500	2,500	3,189	(689)
Medical Supplies	200	200	190	10
Protective Equipment	700	700	557	143
Vehicle Gasoline/Diesel	7,000	7,000	11,263	(4,263)
Books and Periodicals	250	250	225	25
Minor Equipment	8,800	8,800	5,229	3,571
Computer Hardware and Software	2,050	2,050	1,757	293
Uniform Rental	2,980	2,980	2,834	146
Vehicle Fluids/Maintenance	9,000	9,000	4,753	4,247
Landscaping Supplies	24,600	24,600	24,269	331
Total Parks and Right-of-Way Beautification	**463,599**	**463,599**	**476,860**	**(13,261)**
Total carried forward	12,225,051	12,310,051	12,551,050	(240,999)

(continued)

City of Newnan, Georgia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2005

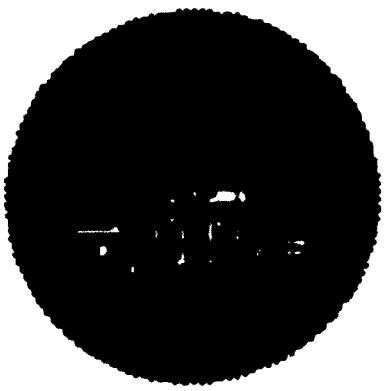
	Original Budget	Final Budget	Actual	Variance Over/ Under
Totals brought forward	$ 12,225,051	$ 12,310,051	$ 12,551,050	$ (240,999)
Community Development and Community Development Administration				
Wages	102,383	102,383	105,625	(3,242)
Wages - Part Time			224	(224)
Group Insurance	15,972	15,972	16,478	(506)
Social Security	7,832	7,832	7,718	114
Retirement	10,238	10,238	8,600	1,638
Unemployment Insurance	3	3	-	3
Worker's Compensation	229	229	243	(14)
Other Employee Benefits	3,600	3,600	3,600	-
Repairs and Maintenance	-	-	-	-
Insurance - Bldg. and Pers.	675	675	804	(129)
Communications	720	720	826	(106)
Advertising	1,600	1,600	2,349	(749)
Printing and Binding	350	350	301	49
Travel	2,200	2,200	1,283	917
Publications and Dues	500	500	484	16
Training	800	800	580	220
Office Supplies	200	200	183	17
Books and Periodicals	250	250	241	9
Minor Equipment	700	700	551	149
Computer Expenditures	700	700	799	(99)
Chatt-Flint RDC	19,897	19,897	19,897	-
Total Community Development Administration	**168,849**	**168,849**	**170,786**	**(1,937)**
Building Inspection				
Wages	351,000	351,000	363,399	(12,399)
Wages - Overtime	-	-	285	(285)
Group Insurance	55,146	55,146	46,656	8,490
Social Security	26,851	26,851	27,276	(425)
Retirement	34,998	34,998	29,399	5,599
Unemployment Insurance	15	15	-	15
Worker's Compensation	11,950	11,950	12,696	(746)
Repairs and Maintenance	500	500	-	500
Vehicle Insurance	4,500	4,500	5,359	(859)
Insurance - Bldg. and Pers.	2,750	2,750	3,275	(525)
Communications	3,516	3,516	3,783	(267)
Printing and Binding	2,000	2,000	2,081	(81)
Travel	3,000	3,000	2,423	577
Publications and Dues	800	800	265	535
Training	6,750	6,750	4,435	2,315
Materials and Supplies	500	500	455	45
Office Supplies	2,200	2,200	2,194	6
Medical Supplies	25	25	-	25
Protective Equipment	175	175	17	158
Vehicle Gasoline/Diesel	7,200	7,200	11,352	(4,152)
Books and Periodicals	750	750	608	142
Minor Equipment	800	800	532	268
Computer Expenses	1,800	1,800	1,799	1
Uniform Rental	770	770	736	34
Vehicle Fluids/Maintenance	3,500	3,500	2,741	759
Total Building Inspection	**521,496**	**521,496**	**521,766**	**(270)**
Total carried forward	12,915,396	13,000,396	13,243,602	(243,206)

(continued)

City of Newnan, Georgia
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Totals brought forward	$ 12,915,396	$ 13,000,396	$ 13,243,602	$ (243,206)
Community Development and Planning and Zoning				
Salaries	145,062	145,062	122,995	22,067
Group Insurance	23,958	23,958	19,353	4,605
Social Security	11,100	11,100	8,900	2,200
Retirement	14,500	14,500	12,180	2,320
Unemployment Insurance	4	4	-	4
Worker's Compensation	321	321	341	(20)
Professional Services	15,000	15,000	12,688	2,312
Insurance - Bldg. and Pers.	1,350	1,350	1,608	(258)
Communications	500	500	623	(123)
Printing and Binding	1,000	1,000	889	111
Travel	2,900	2,900	394	2,506
Publications and Dues	700	700	135	565
Training	950	950	633	317
Materials and Supplies	1,400	1,400	1,229	171
Office Supplies	2,000	2,000	1,767	233
Vehicle Gasoline/Diesel			28	(28)
Books and Periodicals	300	300	296	4
Computer Equipment	2,000	2,000	1,877	123
Boards and Commissions	1,500	1,500	1,271	229
Total Planning and Zoning	**224,545**	**224,545**	**187,207**	**37,338**
Total Community Development	**1,843,432**	**1,843,432**	**1,753,595**	**89,837**
Other Services				
Business Development and Special Events				
Wages	82,742	82,742	85,763	(3,021)
Group Insurance	11,790	11,790	12,289	(499)
Social Security	6,329	6,329	6,211	118
Retirement	8,274	8,274	6,950	1,324
Unemployment Insurance	3	3	-	3
Worker's Compensation	185	185	197	(12)
Other Employee Benefits	4,800	4,800	3,600	1,200
Public Relations	4,000	4,000	1,706	2,294
Repairs and Maintenance	2,050	2,050	2,423	(373)
Insurance - Bldg. and Pers.	775	775	923	(148)
Communications	1,000	1,000	1,234	(234)
Advertising	2,800	2,800	1,348	1,452
Printing and Binding	3,000	3,000	2,362	638
Travel	2,700	2,700	976	1,724
Publications and Dues	1,900	1,900	822	1,078
Training	1,500	1,500	933	567
Materials and Supplies	350	350	498	(148)
Office Supplies	1,750	1,750	1,349	401
Books and Periodicals	205	205	-	205
Minor Equipment	1,000	1,000	436	564
Computer Equipment	1,600	1,600	1,852	(252)
Other Boards and Commission	2,000	2,000	772	1,228
Grants and Contributions	4,000	4,000	2,000	2,000
Total Business Development and Special Events	**144,753**	**144,753**	**134,644**	**10,109**
Library				
Books and Periodicals	15,000	15,000	-	15,000
Library Board	316,556	316,556	242,013	74,543
Total Library	**331,556**	**331,556**	**242,013**	**89,543**
Total Other Services	**476,309**	**476,309**	**376,657**	**99,652**
Total Expenditures	**$ 13,616,250**	**$ 13,701,250**	**$ 13,807,466**	**$ (106,216)**

STREET IMPROVEMENT FUND



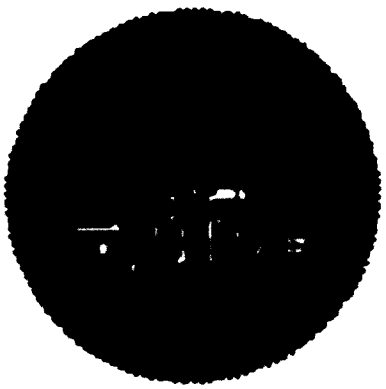
City of Newnan, Georgia
Comparative Balance Sheet
Street Improvement Fund
December 31, 2005 and 2004

	2005	2004
Assets		
Cash and cash equivalents	$ 146,820	$ -
Investments	46,106	-
Total Assets	192,926	-
Liabilities and Fund Balances		
Liabilities		
Cash and cash equivalents overdraft	-	94,416
Accrued expenditures	151,694	115,584
Deferred revenue	31,432	-
Interfund payable	65,657	38,204
Total Liabilities	248,783	248,204
Fund Balances		
Unreserved, undesignated	(55,857)	(248,204)
Total Liabilities and Fund Balances	$ 192,926	$ -

City of Newnan, Georgia
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
Street Improvement Fund
For the Years Ended December 31, 2005 and 2004

	2005	2004
Revenues		
Intergovernmental	$ 207,463	$ 140,768
Investment earnings	4,830	1,614
Total Revenues	212,293	142,382
Expenditures		
Current:		
General government - indirect cost allocation	65,657	37,860
Public works	324,030	11,240
Capital Outlay:		
Public works	380,259	494,721
Total Expenditures	769,946	543,821
Excess (Deficiency) of Revenues Over (Under) Expenditures	(557,653)	(401,439)
Other Financing Sources		
Transfers in	750,000	50,000
Net Change in Fund Balances	192,347	(351,439)
Fund Balances Beginning of Year	(248,204)	103,235
Fund Balances End of Year	$ (55,857)	$ (248,204)

1997 SPECIAL PURPOSE LOCAL OPTION SALES TAX FUND



City of Newnan, Georgia
Comparative Balance Sheet
1997 Special Purpose Local Option Sales Tax Fund
December 31, 2005 and 2004

	2005	2004
Assets		
Investments	$ 2,301,496	$ 2,791,153
Total Assets	2,301,496	2,791,153
Liabilities and Fund Balances		
Liabilities		
Accounts payable	1,435	-
Total Liabilities	1,435	-
Fund Balances		
Reserved for encumbrances	700,943	-
Unreserved, undesignated	1,599,118	2,791,153
Total Fund Balances	2,300,061	2,791,153
Total Liabilities and Fund Balances	$ 2,301,496	$ 2,791,153

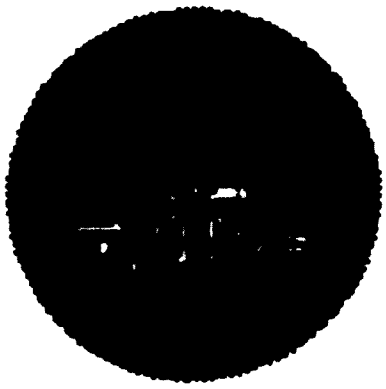
City of Newnan, Georgia
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
1997 Special Purpose Local Option Sales Tax Fund
For the Years Ended December 31, 2005 and 2004

	2005	2004
Revenues		
Investment earnings	$ 74,277	41,018
Total Revenues	74,277	41,018
Expenditures		
Current:		
General government	1,434	3,068
Public safety	-	4,600
Community development	-	26,766
Capital Outlay		
General government	9,214	109,405
Community development	523,651	-
Total Expenditures	534,299	143,839
(Deficiency) of Revenues (Under) Expenditures	(460,022)	(102,821)
Other Financing Sources and (Uses):		
Transfers to other funds	(31,070)	-
Total Other Financing Sources and (Uses)	(31,070)	-
Net Change in Fund Balances	(491,092)	(102,821)
Fund Balances Beginning of Year	2,791,153	2,893,974
Fund Balances End of Year	$ 2,300,061	$ 2,791,153

City of Newnan, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
1997 Special Purpose Local Option Sales Tax Fund
For the year ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Revenues				
Investment earnings	20,000	$ 20,000	74,277	$ 54,277
Expenditures				
Current:				
General government	-	-	41,718	(41,718)
Public Safety	700,075	700,075	700,075	-
Community development	165,000	165,000	524,519	(359,519)
Total Expenditures	865,075	865,075	1,266,312	(401,237)
Excess of Revenues Over Expenditures	$ (845,075)	$ (845,075)	(1,192,035)	$ (346,960)
Budgetary Fund Balances Beginning of Year			2,791,153	
Budgetary Fund Balances End of Year			1,599,118	
Adjust to GAAP Basis:				
Add back outstanding encumbrances			700,943	
GAAP Fund Balances End of Year			$ 2,300,061	

2002 SPECIAL PURPOSE LOCAL OPTION SALES TAX FUND



City of Newnan, Georgia
Comparative Balance Sheet
2002 Special Purpose Local Option Sales Tax Fund
December 31, 2005 and 2004

	2005	2004
Assets		
Investments	$ 5,192,432	$ 4,007,439
Receivables:		
Sales taxes	459,666	393,024
Total Assets	5,652,098	4,400,463
Liabilities and Fund Balances		
Liabilities		
Due to component unit	73,547	62,884
Interfund payable	-	21,785
Total Liabilities	73,547	84,669
Fund Balances		
Reserved for encumbrances	214,038	371,020
Unreserved, undesignated	5,364,513	3,944,775
Total Fund Balances	5,578,551	4,315,795
Total Liabilities and Fund Balances	$ 5,652,098	$ 4,400,464

City of Newnan, Georgia
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
2002 Special Purpose Local Option Sales Tax Fund
For the year ended December 31, 2005

	2005	2004
Revenues		
Taxes	$ 2,620,816	$ 2,347,378
Investment earnings	145,761	52,487
Total Revenues	2,766,577	2,399,865
Expenditures		
Current:		
Public Works	24	-
Community development	3,201	-
Capital Outlay		
General government	20,327	242,950
Public Safety	370,670	-
Public works	413,472	129,145
Community development	284,149	358,506
Other services	58,717	150,460
Total Expenditures	1,150,560	881,061
Excess of Revenues Over Expenditures	1,616,017	1,518,804
Other Financing Sources and (Uses):		
Transfers from other funds	66,070	-
Transfers to component units	(419,330)	(374,044)
Total Other Financing Sources and (Uses)	(353,260)	(374,044)
Net Change in Fund Balances	1,262,757	1,144,760
Fund Balances Beginning of Year	4,315,794	3,171,034
Fund Balances End of Year	$ 5,578,551	$ 4,315,794

City of Newnan, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
2002 Special Purpose Local Option Sales Tax Fund
For the year ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Revenues				
Taxes	$ 1,900,000	$ 1,900,000	$ 2,620,816	$ 720,816
Investment earnings	40,000	40,000	145,761	105,761
Total Revenues	1,940,000	1,940,000	2,766,577	826,577
Expenditures				
Current:				
General government	-	-	(45,743)	45,743
Public Safety	-	-	460,543	(460,543)
Public works	1,370,000	1,370,000	454,361	915,639
Community development	700,000	700,000	370,649	329,351
Other services	300,000	300,000	58,717	241,283
Total Expenditures	2,370,000	2,370,000	1,298,527	1,071,473
Other Financing Uses:				
Transfers to component units	285,000	285,000	419,331	(134,331)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (715,000)	$ (715,000)	1,048,719	$ 1,763,719
Budgetary Fund Balances Beginning of Year			4,315,794	
Budgetary Fund Balances End of Year			5,364,513	
Adjust to GAAP Basis:				
Add back outstanding encumbrances			214,038	
GAAP Fund Balances End of Year			$ 5,578,551	

SPECIAL REVENUE FUNDS



City of Newnan, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005

	Drug	Miscellaneous Grants	Law Enforcement	Tourism Enhancement	Total Nonmajor Special Revenue Funds
Assets					
Cash and cash equivalents	$ -	$ 17,505	$ 9,478	$ -	$ 26,983
Investments	3,379	-	-	325,538	328,917
Total Assets	3,379	17,505	9,478	325,538	355,900
Liabilities and Fund Balances					
Liabilities					
Deferred revenue	-	17,253	11,630	-	28,883
Total Liabilities	-	17,253	11,630	-	28,883
Fund Balances					
Reserved for program purposes	-	-	-	325,538	325,538
Unreserved, undesignated	3,379	252	(2,152)	-	1,479
Total Fund Balances	3,379	252	(2,152)	325,538	327,017
Total Liabilities and Fund Balances	$ 3,379	$ 17,505	$ 9,478	$ 325,538	$ 355,900

City of Newnan, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Drug	Miscellaneous Grants	Law Enforcement	Tourism Enhancement	Total Nonmajor Special Revenue Funds
Revenues					
Hotel/motel taxes	$ -	$ -	$ -	$ 80,040	$ 80,040
Court condemnations	11,832	-	-	-	11,832
Grants received	-	23,391	-	-	23,391
Investment earnings	130	-	441	12,510	13,081
Total Revenues	11,962	23,391	441	92,550	128,344
Expenditures					
Current:					
Tourism development	-	-	-	20,511	20,511
Public safety	8,699	26,100	2,177	-	36,976
Total Expenditures	8,699	26,100	2,177	20,511	57,487
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,263	(2,709)	(1,736)	72,039	70,857
Other Financing Sources					
Transfers in (out)	-	-	-	-	-
Net Change in Fund Balances	3,263	(2,709)	(1,736)	72,039	70,857
Fund Balances Beginning of Year	116	2,961	(416)	253,499	256,160
Fund Balances End of Year	$ 3,379	$ 252	$ (2,152)	$ 325,538	$ 327,017

City of Newnan, Georgia
Comparative Balance Sheet
Drug Fund
December 31, 2005 and 2004

	2005	2004
Assets		
Investments	$ 3,379	$ 260
Liabilities and Fund Balances		
Liabilities		
Interfund payable	$ -	$ 144
Fund Balances		
Unreserved, undesignated	3,379	116
Total Liabilities and Fund Balances	$ 3,379	$ 260

City of Newnan, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Drug Fund
For the Year Ended December 31, 2005
(With Comparative Actual Amounts For the Year Ended December 31, 2004)

	2005				2004
	Original Budget	Final Budget	Actual	Variance Over/ Under	Actual
Revenues					
Court condemnations	$ -	$ -	$ 11,832	$ 11,832	$ 5,596
Investment earnings	-	-	130	130	-
Total Revenues	-	-	11,962	11,962	5,596
Expenditures					
Current:					
Public safety	-	-	8,699	(8,699)	12,552
Excess of Revenues Over Expenditures	$ -	$ -	3,263	$ 3,263	(6,956)
Fund Balances Beginning of Year			116		7,072
Fund Balances End of Year			$ 3,379		$ 116

City of Newnan, Georgia
Comparative Balance Sheet
Miscellaneous Grants Fund
December 31, 2005 and 2004

	2005	2004
Assets		
Cash and cash equivalents	$ 17,505	$ 2,961
Liabilities and Fund Balances		
Liabilities		
Deferred revenue	17,253	-
Fund Balances		
Unreserved, undesignated	252	2,961
Total Liabilities and Fund Balances	$ 17,505	$ 2,961

City of Newnan, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Miscellaneous Grants Fund
For the Year Ended December 31, 2005
(With Comparative Actual Amounts For the Year Ended December 31, 2004)

	2005				2004
	Original Budget	Final Budget	Actual	Variance Over/ Under	Actual
Revenues					
Grants received	$ -	$ -	$ 23,391	$ 23,391	$ 27,065
Total Revenues	-	-	23,391	23,391	27,065
Expenditures					
Current:					
Public safety	-	-	26,100	(26,100)	24,104
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	(2,709)	$ (2,709)	2,961
Fund Balances Beginning of Year			2,961		-
Fund Balances End of Year			$ 252		$ 2,961

City of Newnan, Georgia
Comparative Balance Sheet
Law Enforcement Fund
December 31, 2005 and 2004

	2005	2004
Assets		
Cash and cash equivalents	$ 9,478	$ 3,992
Liabilities and Fund Balances		
Liabilities		
Interfund payable	-	4,408
Deferred revenue	11,630	-
	11,630	4,408
Fund Balances		
Unreserved, undesignated	(2,152)	(416)
Total Liabilities and Fund Balances	$ 9,478	$ 3,992

City of Newnan, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Law Enforcement Fund
For the Year Ended December 31, 2005
(With Comparative Actual Amounts For the Year Ended December 31, 2004)

	2005				2004
	Original Budget	Final Budget	Actual	Variance Over/ Under	Actual
Revenues					
Investment earnings	$ -	$ -	$ 441	$ 441	$ 537
Expenditures					
Current:					
Public safety	-	-	2,177	(2,177)	19,852
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(1,736)	(1,736)	(19,315)
Other Financing Sources					
Transfers in	-	-	-	-	2,152
Net Change in Fund Balances	$ -	$ -	(1,736)	$ (1,736)	(17,163)
Fund Balances Beginning of Year			(416)		16,747
Fund Balances End of Year			$ (2,152)		$ (416)

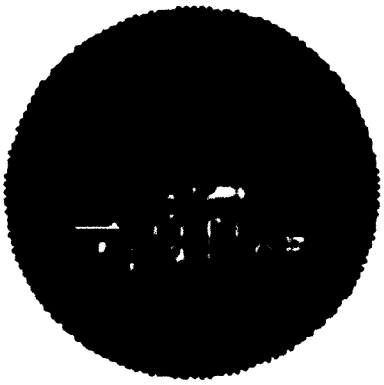
City of Newnan, Georgia
Comparative Balance Sheet
Tourism Enhancement Fund
December 31, 2005 and 2004

	2005	2004
Assets		
Investments	$ 325,538	$ 254,157
Liabilities and Fund Balances		
Liabilities		
Interfund payable	-	658
Fund Balances		
Reserved for program purposes	325,538	253,499
Total Liabilities and Fund Balances	$ 325,538	$ 254,157

City of Newnan, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Tourism Enhancement Fund
For the Year Ended December 31, 2005
(With Comparative Actual Amounts For the Year Ended December 31, 2004)

	2005				2004
	Original Budget	Final Budget	Actual	Variance Over/ Under	Actual
Revenues					
Hotel/motel taxes	$ 60,000	$ 60,000	$ 80,040	$ 20,040	$ 69,979
Investment earnings	-	-	12,510	12,510	-
Total Revenues	60,000	60,000	92,550	32,550	69,979
Expenditures					
Current:					
Tourism development	-	-	20,511	(20,511)	4,202
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 60,000	$ 60,000	72,039	$ 12,039	65,777
Fund Balances Beginning of Year			253,499		187,722
Fund Balances End of Year			$ 325,538		$ 253,499

CAPITAL PROJECTS FUND



City of Newnan, Georgia
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2005

	Capital Equipment	Impact Fees	Total Nonmajor Capital Projects Funds
Assets			
Cash and cash equivalents	$ -	$1,747,501	$ 1,747,501
Investments	216,737	-	216,737
Total Assets	$ 216,737	$1,747,501	$ 1,964,238
Liabilities and Fund Balances			
Liabilities			
Accounts payable	-	5,040	5,040
Interfund payable	33,125	-	33,125
Total Liabilities	33,125	5,040	38,165
Fund Balances			
Reserved for:			
Encumbrances	4,800	-	4,800
Program purposes	195,201	1,742,461	1,937,662
Unreserved, undesignated	(16,389)	-	(16,389)
Total Fund Balances	183,612	1,742,461	1,926,073
Total Liabilities and Fund Balances	$ 216,737	$1,747,501	$ 1,964,238

City of Newnan, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2005

	Capital Equipment	Impact Fees	Total Nonmajor Capital Projects Funds
Revenues			
Intergovernmental revenues	$ 15,000	$ -	$ 15,000
Impact fees	-	1,414,933	1,414,933
Investment earnings	6,972	35,981	42,953
Total Revenues	21,972	1,450,914	1,472,886
Expenditures			
Current:			
General government - indirect cost allocation	33,125	-	33,125
General government	-	-	-
Public safety	18,498	-	18,498
Public works	1,500	-	1,500
Community development	-	-	-
Other services	-	-	-
Capital Outlay	-	-	-
General government	-	-	-
Public safety	181,348	-	181,348
Public works	109,288	-	109,288
Community development	44,688	-	44,688
Total Expenditures	388,447	-	388,447
Excess (Deficiency) of Revenues Over (Under) Expenditures	(366,475)	1,450,914	1,084,439
Other Financing Sources			
Transfers in	291,700	-	291,700
Net Change in Fund Balances	(74,775)	1,450,914	1,376,139
Fund Balances Beginning of Year	258,387	291,547	549,934
Fund Balances End of Year	$ 183,612	$ 1,742,461	$ 1,926,073

City of Newnan, Georgia
Comparative Balance Sheet
Capital Equipment Fund
December 31, 2005 and 2004

	2005	2004
Assets		
Investments	$ 216,737	$ 282,107
Liabilities and Fund Balances		
Liabilities		
Interfund payable	33,125	23,720
Fund Balances		
Reserved for:		
Encumbrances	4,800	31,000
Program purposes	195,201	175,240
Unreserved, undesignated	(16,389)	52,147
Total Fund Balances	183,612	258,387
Total Liabilities and Fund Balances	$ 216,737	$ 282,107

City of Newnan, Georgia
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
Capital Equipment Fund
For the Years Ended December 31, 2005 and 2004

	2005	2004
Revenues		
Intergovernmental revenues	$ 15,000	$ -
Investment earnings	6,972	2,691
Total Revenues	21,972	2,691
Expenditures		
Current:		
General government - indirect cost allocation	33,125	23,720
General government	-	-
Public safety	18,498	16,000
Public works	1,500	-
Community development	-	-
Other services	-	20,332
Capital Outlay		
General government	-	15,393
Public safety	181,348	151,618
Public works	109,288	13,436
Community development	44,688	42,117
Total Expenditures	388,447	282,616
Excess (Deficiency) of Revenues Over (Under) Expenditures	(366,475)	(279,925)
Other Financing Sources (Uses)		
Transfers in	291,700	297,500
Total Other Financing Sources (Uses)	291,700	297,500
Net Change in Fund Balances	(74,775)	17,575
Fund Balances Beginning of Year	258,387	240,812
Fund Balances End of Year	$ 183,612	$ 258,387

City of Newnan, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Capital Equipment Fund
For the year ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Revenues				
Intergovernmental revenues	$ -	$ -	$ 15,000	$ 15,000
Investment earnings	1,800	1,800	6,972	5,172
Total Revenues	1,800	1,800	21,972	20,172
Expenditures				
Current:				
Public safety	186,200	186,200	204,647	(18,447)
Public works	138,800	138,800	110,788	28,012
Community development	54,500	54,500	44,688	9,812
Total Expenditures	379,500	379,500	360,123	19,377
(Deficiency) of Revenues (Under) Expenditures	(377,700)	(377,700)	(338,151)	24,549
Other Financing Sources (Uses)				
Transfers in	377,700	377,700	291,700	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	377,700	377,700	291,700	-
Net Change in Fund Balances	$ -	$ -	(46,451)	$ 24,549
Budgetary Fund Balances Beginning of Year			258,388	
Budgetary Fund Balances End of Year			211,937	
Adjust to GAAP Basis:				
Add back outstanding encumbrances			4,800	
Less indirect cost allocation			(33,125)	
GAAP Fund Balances End of Year			$ 183,612	

City of Newnan, Georgia
Comparative Balance Sheet
Impact Fees Fund
December 31, 2005 and 2004

	2005	2004
Assets		
Cash and cash equivalents	$ 1,747,501	$ 291,547
Liabilities and Fund Balances		
Liabilities		
Accounts payable	5,040	-
Fund Balances		
Reserved for:		
Program purposes	1,742,461	291,547
Total Fund Balances	1,742,461	291,547
Total Liabilities and Fund Balances	$ 1,747,501	$ 291,547

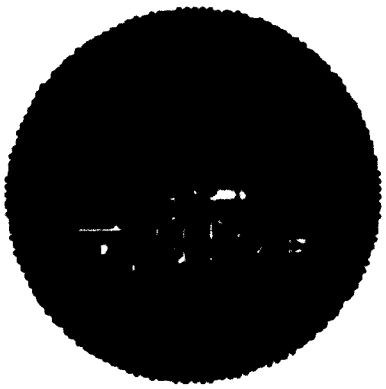
City of Newnan, Georgia
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
Impact Fees Fund
For the Years Ended December 31, 2005 and 2004

	2005	2004
Revenues		
Impact fees	$ 1,414,933	$ 291,497
Investment earnings	35,981	50
Total Revenues	1,450,914	291,547
Net Change in Fund Balances	1,450,914	291,547
Fund Balances Beginning of Year	291,547	-
Fund Balances End of Year	$ 1,742,461	$ 291,547

City of Newnan, Georgia
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Impact Fees Fund
For the year ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/ Under
Revenues				
Impact fees	$ -	$ -	$ 1,414,933	$ 1,414,933
Investment earnings	-	-	35,981	35,981
Total Revenues	-	-	1,450,914	1,450,914
Net Change in Fund Balances	$ -	$ -	1,450,914	1,450,914
Fund Balances Beginning of Year			291,547	
Fund Balances End of Year			$ 1,742,461	

OTHER REPORTS



Tidwell >> DeWitt >

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the City Council
City of Newnan, Georgia

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newnan, Georgia, as of and for the year ended December 31, 2005, which collectively comprise the City of Newnan, Georgia's basic financial statements and have issued our report thereon dated May 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Newnan, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of City of Newnan, Georgia, in a separate letter dated May 24, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Newnan, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed

instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned as items 2004-1.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tidwell DeWitt LLC

Tidwell DeWitt LLC

Newnan, Georgia
May 24, 2006

CITY OF NEWNAN, GEORGIA

Schedule of Findings and Questioned Costs
December 31, 2005

Prior Year Finding 2004-01

Compliance and Other Matters

Reportable Condition

The City had an excess of expenditures over appropriations at the legal level of control for the year ended December 31, 2004, which is a material legal violation of state statutes. All of the excess expenditures over appropriations were approved by council, but the budgets were not amended to reallocate the expenditures.

Recommendation

The City should amend their budget whenever an expenditure, which would result in excess expenditures , is approved

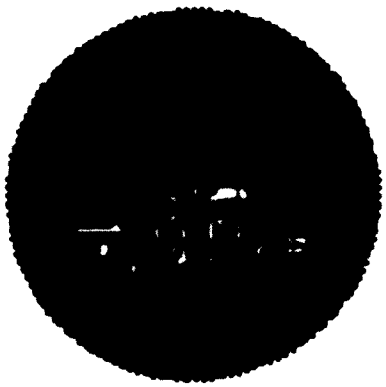
Response

The City concurred with this finding and has provided a corrective action plan to correct this deficiency.

Current Status

For the year ended December 31, 2005, the City also had an excess of expenditures over appropriations at the legal level of control. The City has not taken appropriate action to amend its budget.

SPECIAL SALES TAX SECTION



Tidwell >> DeWitt >

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INDEPENDENT AUDITOR'S REPORT ON SPECIAL ONE PERCENT SALES AND USE TAX

To the Honorable Mayor and
Members of the City Council
City of Newnan, Georgia

We have audited the accompanying Schedules of Projects Constructed with Sale Tax Proceeds (1997 and 2002) of the City of Newnan, Georgia, for the two years ended December 31, 2005 and 2004. These Schedules of Projects are the responsibility of the City's management. Our responsibility is to express an opinion on the Schedule of Proceeds based on our audit.

Our audit was conducted in accordance with generally accepted governmental auditing standards as required by Section 48-8-121 of the Official Code of Georgia Annotated (OCGA). Generally accepted governmental auditing standards are defined in the publication Governmental Auditing Standards published by the Comptroller of the United States. Generally accepted auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by and management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In the conduct of our audit, we verified and tested expenditures of each project constructed or under construction which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by Section 48-8-110 OCGA. In our opinion, the accompanying schedule which lists each identified project and information required by Section 48-8-121 OCGA presents fairly, in all material respects, the original estimated cost of each project, current estimated cost of each project, amounts expended in prior years, and amounts expended in the current year of each project through December 31, 2005, the end of the fiscal year covered by this audit, in relation to the financial statements taken as a whole.

Tidwell DeWitt LLC
Tidwell DeWitt LLC
Newnan, Georgia
May 24, 2006

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH SALES TAX PROCEEDS (1997)

December 31, 2005

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Years	Total
Municipal Buildings (includes land)	$ 4,300,000	$ 5,426,833	$ 5,422,385	$ -	$ 5,422,385
Streets and transportation	2,000,000	3,094,417	1,445,736	10,648	1,456,384
Fire	539,204	925,075	229,600	700,076	929,676
Recycling Equipment	-	-	103,850	31,070	134,920
Park Development	1,500,000	1,514,650	973,262	524,518	1,497,780
Transfer to WS&L	3,561,088	4,405,968	4,405,968	-	4,405,968
	$ 11,900,292	$ 15,366,943	$ 12,580,801	$ 1,266,312	$ 13,847,113

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH SALES TAX PROCEEDS (2002)

December 31, 2005

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Years	Total
Streets, drains, and sidewalks	$ 3,800,000	$ 3,800,000	$ 137,636	$ 454,361	$ 591,997
Park acquisition and development	2,500,000	2,500,000	35,222	227,737	262,959
Convention Center	2,500,000	2,500,000	724,397	142,913	867,310
Construction of downtown parking facilities	1,760,000	1,760,000	150,459	58,717	209,176
Fire equipment (aerial and pumper)	800,000	800,000	-	460,543	460,543
Additions to shop	1,120,000	1,120,000	5,000	-	5,000
Storage facility (Lower Fayetteville Road)	350,000	350,000	-	-	-
New facility or renovation (beaut. facility)	200,000	200,000	-	-	-
Computers	200,000	200,000	242,950	(45,743)	197,207
Transfer to WS&L	2,520,000	2,520,000	1,051,509	419,329	1,470,838
	$ 15,750,000	$ 15,750,000	$ 2,347,173	$ 1,717,857	$ 4,065,030

CITY OF NEWNAN, GEORGIA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Years

Table 1

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Government	$ 719,402	$ 816,961	$ 858,425	$ 1,194,991	$ 1,153,605	$ 3,775,526	$ 1,984,111	$ 1,346,611	$ 1,478,825	$ 1,668,618
Public Safety	2,775,697	3,152,806	3,452,210	4,300,748	4,772,277	5,274,470	6,263,980	6,691,884	7,196,851	7,700,732
Public Services	1,987,275	2,112,918	2,263,066	2,583,624	3,239,342	4,963,328	2,659,734	3,151,732	1,858,469	3,145,648
Other	1,972,311	2,297,322	1,317,003	605,666	793,109	910,467	1,109,099	1,295,823	1,815,857	3,406,802
Total	$ 7,454,685	$ 8,380,007	$ 7,890,704	$ 8,685,029	$ 9,958,333	$ 14,923,791	$ 12,016,924	$ 12,486,050	$ 12,350,002	$ 15,921,800

CITY OF NEWNAN, GEORGIA

GENERAL GOVERNMENT REVENUES BY SOURCE

Last Ten Years

Table 2

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Taxes	$ 6,357,555	$ 8,117,162	$ 9,398,912	$ 10,440,137	$ 11,151,822	$ 12,240,518	$ 11,467,752	$ 12,141,251	$ 13,257,429	$ 13,958,987
Licenses and permits	13,460	264,549	416,583	612,444	470,545	761,194	715,082	849,580	1,213,279	2,981,790
Intergovernmental	199,462	163,350	207,716	161,062	140,077	2,059,014	3,333,373	2,569,007	1,181,642	1,451,028
Charges for services	790,116	778,562	789,122	828,365	954,188	1,051,984	1,097,553	1,193,999	95,813	120,985
Fines and forfeitures	320,100	279,242	250,106	190,833	240,990	309,884	321,599	352,213	436,422	460,799
Use of money and property	396,284	506,134	643,061	536,252	657,711	647,463	209,486	131,059	189,916	540,821
Other	206,371	195,328	153,817	183,749	174,818	196,928	398,416	305,941	206,127	208,604
Total	$ 8,283,348	$ 10,304,327	$ 11,859,317	$ 12,952,842	$ 13,790,151	$ 17,266,985	$ 17,543,261	$ 17,543,050	$ 16,580,628	$ 19,723,014

CITY OF NEWNAN, GEORGIA

GENERAL GOVERNMENT TAX REVENUES BY SOURCE

Last Ten Years

Table 3

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Property taxes	$ 980,279	$ 1,230,998	$ 1,361,281	$ 1,354,123	$ 1,448,276	$ 1,531,796	$ 1,787,977	$ 2,438,757	$ 2,803,490	2,957,422
Local Option Sales Tax	2,429,728	2,507,285	2,915,249	3,306,893	3,568,134	3,840,417	3,892,616	3,830,867	4,063,820	4,037,621
Special purpose local option sales tax	868,862	2,034,351	2,573,206	3,007,699	3,106,689	3,503,970	2,363,785	2,136,740	2,347,378	2,620,816
Auto ad valorem tax	109,861	110,069	96,537	115,907	121,687	125,244	105,723	117,472	180,340	199,994
Public Utility tax	42,594	44,223	57,732	51,672	39,378	60,115	39,834	53,790	84,860	36,809
Intangible tax	8,012	459	-	8,452	6,221	817	-	-	77,853	199,194
Beer and wine tax	358,204	382,790	413,071	461,609	513,087	538,953	538,560	572,168	584,316	636,993
Insurance premium tax	440,866	467,623	490,507	508,091	539,661	589,976	647,338	697,677	756,092	813,456
Franchise tax - gas	111,689	117,041	120,415	120,415	128,793	176,802	175,088	175,405	227,195	197,698
Franchise tax - cable TV	54,311	58,871	61,204	76,007	100,192	105,660	122,574	138,056	284,707	206,054
Franchise tax - power	146,300	142,120	209,206	239,967	277,856	296,986	310,599	342,095	332,021	407,599
Franchise tax - telephone	98,879	118,143	129,720	143,339	153,276	162,347	154,306	141,198	133,669	124,185
Hotel/motel tax	11,128	68,268	89,950	50,152	75,052	180,447	175,115	103,890	174,946	200,101
Occupational tax	576,304	696,654	746,093	863,065	932,937	990,404	1,000,193	1,163,805	1,039,903	1,161,836
Insurance agent tax	20,630	31,845	27,852	17,100	16,650	18,900	28,236	22,762	21,750	22,875
Professional tax	50,684	52,565	57,671	61,688	68,982	61,716	60,607	62,558	61,967	42,318
Financial institution tax	49,224	53,857	49,218	53,958	54,951	55,968	65,201	74,750	83,121	94,018
Total	$ 6,357,555	$ 8,117,162	$ 9,398,912	$ 10,440,137	$ 11,151,822	$ 12,240,518	$ 11,467,752	$ 12,071,990	$ 13,257,428	$ 13,958,989

CITY OF NEWNAN, GEORGIA

PRINCIPAL TAXPAYERS

December 31, 2005

Table 4

Taxpayer	Type of Business	2005 Assessed Valuation	% of Total Assessed Valuation
Inland Southeast Newnan, LLC	Developers	$ 12,898,104	1.79%
Fourth Quarter Properties	Land Development	9,193,121	1.27%
BellSouth Telecommunications	Public Utility	6,985,040	0.97%
Newnan Development Partners	Land Development	6,181,804	0.86%
Lullwater Apartments, LLC	Apartment Complex	5,713,418	0.79%
Wal-Mart	Real Estate/Retail Store	5,132,135	0.71%
S. G. Preston Mill	Apartment Complex	4,801,604	0.67%
Newnan Crossing, LLP	Developers	4,794,967	0.66%
JDN Realty Corporation	Retail Store	4,765,717	0.66%
Peachtree City Holdings	Land Development	4,503,912	0.62%
Newnan Crossing Apartments	Apartment Complex	3,764,338	0.52%
		$ 68,734,160	9.52%

CITY OF NEWNAN, GEORGIA
MISCELLANEOUS STATISTICAL DATA
December 31, 2005

GOVERNMENT:

Date of Incorporation 1828

The City of Newnan operates under a Council-Manager form of government. Under the Council-Manager form of government, citizens elect their representatives, the Mayor, at large for a four-year term, and City Council, from each of the six districts for four-year terms, who determine policy for the City. The Council selects and appoints the City Manager, who is responsible for administering the Council's policies, advising the Council, and conducting the day-to-day operations of the City.

Fire	
ISO Classifications	4
No. of stations	2
Uniform strength	44
No. of pumpers and ladders	6
Average fire response time	4.5 min.
Police	
No. of stations	3
Uniform strength	66
No. of patrol and detective cars	31
No. of unmarked cars	11
Average police emergency response time	6 min.
Public Works	
Street Miles	147 miles
Water storage capacity	2 billion gallons
Average daily water pumping capacity	14 MGD

DEMOGRAPHICS:

Population	2000 Census	16,242
	2003 Estimated	19,310
	2004 Estimated	20,612
	2005 Estimated	22,629
	White	52.90%
	Black	41.20%
	American Indian	.20%
	Asian	1.10%
	Other	1.70%
	Other/two or more races	1.40%

8,746 households (estimated) with an average of 3.64 people per household. Median age 33.0.

CITY OF NEWNAN, GEORGIA
MISCELLANEOUS STATISTICAL DATA
December 31, 2005

DEMOGRAPHICS: (continued)

Land Area in square miles (2006)	18.6
Land Use	
Residential	26.54%
Commercial	8.01%
Vacant	33.94%
Industrial	3.82%
Public/Institutional	3.85%
Parks/Recreation	14.53%
Right of Ways	8.87%
Railroad	.44%
Total	100.00%

Climate: The climate is moderate with an average temperature of 64.3 degrees Fahrenheit (45.8 degrees in winter and 79.1 degrees in summer). Annual rainfall is 51.84 inches.

ECONOMICS:

Major employers in Newnan (in alphabetical order)

BJ's Wholesale Club
Caldwell Steel
City of Newnan
Coweta County
Coweta County School District
Crain Southern
Department of Children & Family Services
EGO Products
Excel Corporation
Foley Brogdon
Lowe's Home Center
Newnan Hospital
Newnan Water and Light Commission (Newnan Utilities)
Target
U.S. Post Office
Wal-Mart
William L. Bonnell Company

CITY OF NEWNAN, GEORGIA
MISCELLANEOUS STATISTICAL DATA
December 31, 2005

ECONOMICS: (continued)

2005 Value of Building Permits –

Commercial	$ 17,000,000
Residential	$ 183,000,000

2005 Property Tax Valuations – Real/Personal $ 721,798,327

Property Taxes: 2005 Millage Rates

County Incorporated with Fire District	2.50 mills
County Incorporated	6.31 mills
County Unincorporated	5.15 mills
City of Newnan	4.40 mills
School District	18.59 mills
State	0.25 mills
Grand Total for City Residents	29.55 mills

(A mill is $1 for each $1,000 of assessed value.)

HISTORY:

Coweta County is situated on land which was once the home of the Coweta Indians, or Lower Creeks, and was ceded by the Treaty of Indian Springs signed by President James Monroe on March 5, 1825. Coweta County was created by legislative act on December 11, 1826, before tensions were resolved. A settlement known as Bullsboro was founded in 1828 and was the first county seat for the area. A site for a new county seat was selected about two miles west of Bullsboro and on March 20, 1828, Land Lot 25 of the Fifth Land district was purchased from Charles Connally for $100 for the courthouse location. The remaining acreage was laid out in lots for sale to the general public. The new town was named for General Daniel Newnan, a noted Indian fighter, State Adjutant General, Secretary of State and U.S. Congressman. Newnan has long been known as the "City of Homes". A number of homes from the antebellum period survived the Civil War and remain as visible reminders of the era. Several areas in Newnan have been listed as historic districts on the National Register of Historic Places.

EDUCATION:

Newnan/Coweta County has a historic tradition of scholarship and leadership in education. In the 1850's, College Temple was the first women's college in the nation to confer the degree of Master of Arts. The Coweta County public school system, widely recognized as one of the best in the state, has produced three Rhodes Scholars, a Pulitzer Prize winner, and several famous authors and musicians. Almost every year, the system's teachers receive local, regional, and national recognition—Honor Teacher Award, Presidential Award of Excellence and Teacher of the Year.

CITY OF NEWNAN, GEORGIA
MISCELLANEOUS STATISTICAL DATA
December 31, 2005

EDUCATION: (continued)

The newest educational addition to the City is the Central Educational Center (CEC), a charter school based on the European-style apprenticeship programs. CEC was developed through a public-private partnership of 21st Century Coweta (including, but not limited to Coweta County schools, Carroll Technical Institute and the local business and industrial communities). CEC will provide today's youth with a unique educational opportunity providing seamless course offerings yielding joint credit with Carroll Tech and transfer credits with traditional four-year universities. To paraphrase Governor Barnes' address at the CEC groundbreaking ceremony, "Charter schools provide the solution for experimentation in education and Central is perhaps the most visible and successful result of that model in the State to date."

Public- City Only

No. of elementary schools	6
No. of middle schools	1
No. of high schools	1
No. of alternative schools	1
Total enrollment	5,495

Charter Schools

The Central Education Center (CEC) is an additional choice of education in Newnan. Students attending CEC are officially counted in other schools.

Private

The Heritage School, a co-educational, non-sectarian school, offers college preparatory curriculum for grade levels kindergarten through 12th grade. The Newnan Christian School, founded by Bible Baptist Church, provides education for grade levels kindergarten through 12th grade.

College & University

The Newnan Center for West Georgia College, located in the Shenandoah Environmental & Education Center, provides undergraduate and graduate courses leading to bachelor and masters degrees. Courses are primarily offered during evening hours.

Additionally, in 2005, Brewton Parker College established a satellite campus in Newnan at the CEC to offer undergraduate courses and degrees.

CITY OF NEWNAN, GEORGIA
MISCELLANEOUS STATISTICAL DATA
December 31, 2005

HEALTH:

Newnan is the location of the county's major health services and facilities. Newnan Hospital is a healthcare delivery system offering hospital services at 60 Hospital Road. Services include 24-hour emergency departments, same-day surgery, obstetrics, women and children services, CT scan, PET scan, MRI and Open MRI, a wound treatment center and a sleep center.

Newnan Hospital also operates Beaulieu Convalescent Center, a 143-bed skilled nursing home, and the Newnan Hospital Health and Fitness Center. Additionally, Newnan has many primary care and specialty physicians and surgeons to meet the professional clinical needs of the children and adults and seniors in the community. For more information about Newnan Hospital, you may view their website at www.newnanhospital.org.

Also located in Newnan is the Coweta County Clinic. This clinic provides low cost health services to economically disadvantaged families. Additionally, the county has available physician services from pediatrics to neurology, including several multi-service clinics.

RECREATION:

Newnan's primary source of recreational facilities is derived from its inventory of parks and open spaces. Currently, the City has eleven parks within its city limits, nine of which the City is the sole owner. One of these parks is the Carl Miller Park, a 14-acre park on the southern end of the City. Constructed by Newnan Water, Sewerage and Light Commission, the park has picnic tables, pavilions for groups of up to 150 people, a jogging path with exercise stations, a preschool playground and the Kid's Castle Park. Built in 1998 by local volunteers and funded through local donations, Kid's Castle Park is a 32,000 square foot playground featuring wooden climbing areas, several swings, assorted bridges, tunnels, forts, playhouses, cars, boats, trucks, and airplanes.

Additionally, the City of Newnan contracts with Coweta County for the administration of recreational programs at City parks and facilities. Coweta County also provides county recreational facilities and services near the northwest portion of the City.

In 1939, as part of the Public Works program of F.D. Roosevelt, Newnan's Municipal Building was constructed. Included in the construction was a 636-seat capacity auditorium, named for Charles Wadsworth, a native Newnanite and renowned pianist. The auditorium has been the location of many cultural, civic and social events for the city and county.

RECREATION: (continued)

Construction began in 2002 on the Coweta County School System Performing and Visual Arts Center, which will include a 999-seat auditorium. The new facility will be sited on land that is to be jointly developed between the School System and the City of Newnan. A convention center and amphitheatre are planned to be built by the City next to the Arts Center. Since the convention center project is in the preliminary design phase, no construction date has been set. In addition, a hotel is being planned adjacent to these facilities.

The Male Academy Museum is used to house many of Newnan's historical artifacts. It is staffed by a part-time director/curator. The Magnet-Brannon Center for the Arts located near downtown Newnan provides many cultural, civic and social events for the City and County. The African American Alliance operates the Coweta County Heritage Museum and Research Center at 92 Farmer Street. The Newnan Community Theatre produces play and musicals on a monthly basis at 24 First Avenue.

UTILITIES:

Electric	Newnan Water & Light
Water	Newnan Water & Light
Sewer	Newnan Water & Light
Cable TV	Charter Communications and Newnan Water & Light
Railroads	Norfolk Southern & CSX
Bus Service	Greyhound
Airport	Newnan-Coweta Airport – located 5 miles south of Newnan. Newnan is located 38 miles south of Hartsfield-Jackson International Airport in Atlanta.